

**GRAND COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**GRAND COUNTY**  
**BASIC FINANCIAL STATEMENTS**  
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## INDEPENDENT AUDITORS' REPORT

Grand County Council  
Grand County  
Moab, Utah 84532

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County, Utah (the County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of Grand County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

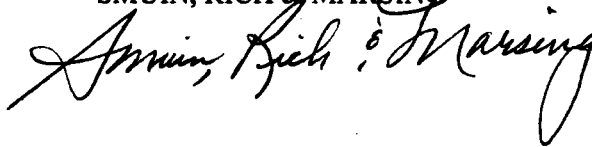
In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and "B" Road Fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements, but is supplementary information, required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2006, on our consideration of Grand County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand County's basic financial statements. The combining and individual fund and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Armin, Rich & Marsing", written in dark ink.

Price, Utah

May 30, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This Management's Discussion and Analysis (MD&A) of Grand County's financial performance is designed to assist readers in understanding the County's basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the County's ability to address the next and subsequent year's financial needs, based on currently known facts and is best understood if read in conjunction with Grand County's basic financial statements.

### **FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2005**

- The government-wide assets of Grand County exceeded its liabilities by \$69,746,447 reflecting a change in net assets from the prior period reducing the total by \$1,005,879. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense for FY2005 in the amount of \$3,109,211.
- The County's governmental funds reported combined ending fund balances of \$6,704,514 an increase of \$51,019 over the prior year. The increase in fund balance is due in part to the increase reflected in General and Special Revenue Funds.
- Grand County had total overall governmental fund revenues and other financing sources of \$13,301,633, which exceeded total expenditures and transfers of \$13,250,614 by \$51,019.
- The County's government-wide long-term debt decreased \$241,561 from FY2004. Construction of a new Grand County Senior Center, Emergency Operations Center and other property acquisitions affect the long-term debt increase.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Grand County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities in accordance with special regulations, restrictions, or limitations. Both government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented in the following pages of the MD&A.

The MD&A is intended to be an introduction to Grand County's basic financial statements. The basic financial statements are comprised of three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Assets provides bottom line results of the County's activities as a whole and presents a longer-term view of the County's finances. The Statement of Net Assets and the Statement of Activities report information about Grand County and its activities to reflect the financial position. These two statements divide the County into three kinds of activities:

## **Government-Wide Financial Statements (Continued)**

- **Governmental activities** – Most of the County's basic services and business-type activities including general administration are reported here. Property taxes, fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The County charges fees to cover the cost of services provided to maintain facilities at the Sandflat recreation area and for the use of capital assets owned by the Municipal Building Authority. The Sandflat and Municipal Building Authority funds are reported here.
- **Component Units** – The County includes separate legal entities in its report – Grand County Solid Waste Special Service District, Grand County Special Service Water District, Grand County Recreation Special Service District, Thompson Special Service District and Grand County Hospital Service District. Although legally separate, these component units are important because Grand County is financially accountable for them.

## **Fund Financial Statements**

Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the County as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants and other designated funds. Grand County uses the following types of funds:

**Governmental Funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Grand County has the following governmental funds – General, Special Revenue, Capital Projects and Debt Service. The services accounted for in the General Fund include general government, public safety, judicial, public health, highway and public improvements, recreation and economic development.

**Proprietary Funds** – Consist of enterprise funds and internal service funds and are used to account for operations that are financed and operated in a manner similar to private businesses. Grand County has two enterprise funds – Grand County Municipal Building Authority and Sand Flats Recreation Area.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held by Grand County in a trustee capacity or as an agent for the benefit of other individuals, governmental units or other funds. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are not available to support the County's activities.

## **FINANCIAL ANALYSIS OF GRAND COUNTY, UTAH: GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Comparative information for prior years as required by GASB 34 is provided below:



## Net Assets

The County's assets exceeded its liabilities at the close of FY2005 by \$69,746,447. The largest segment of the County's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.

Restricted net assets amount to \$3,824,525 and represent resources that are subject to restrictions on how they may be used.

**Table 1**  
**Net Assets**

	<b>Governmental Activities 2004</b>	<b>Governmental Activities 2005</b>	<b>Business-Type Activities 2004</b>	<b>Business-Type Activities 2005</b>
Current and other assets	\$ 6,861,285	\$ 7,493,213	\$ 2,784,216	\$ 399,932
Capital assets, net	<u>68,431,427</u>	<u>67,389,580</u>	<u>2,556,773</u>	<u>4,559,838</u>
Total assets	<u>\$ 75,292,712</u>	<u>\$ 74,882,793</u>	<u>\$ 5,340,989</u>	<u>\$ 4,959,770</u>
Long-term debt outstanding	\$ 5,568,455	\$ 5,370,366	\$ 3,487,201	\$ 3,294,746
Other liabilities	<u>429,146</u>	<u>1,165,741</u>	<u>396,573</u>	<u>265,263</u>
Total liabilities	<u>\$ 5,997,601</u>	<u>\$ 6,536,107</u>	<u>\$ 3,883,774</u>	<u>\$ 3,560,009</u>
Net assets:				
Investment in capital assets, net of debt	\$ 62,935,865	\$ 61,959,569	\$ (1,079,644)	\$ 1,026,323
Restricted for:				
Class "B" Road	762,468	617,926		
Grants		682,567		
Capital Projects Fund	2,661,290	1,849,152		
Debt Service Fund	373,479	545,054	2,520,410	129,826
Unrestricted	<u>2,562,009</u>	<u>2,692,418</u>	<u>16,449</u>	<u>243,612</u>
Total net assets	<u>\$ 69,295,111</u>	<u>\$ 68,346,686</u>	<u>\$ 1,457,215</u>	<u>\$ 1,399,761</u>

## Changes in Net Assets

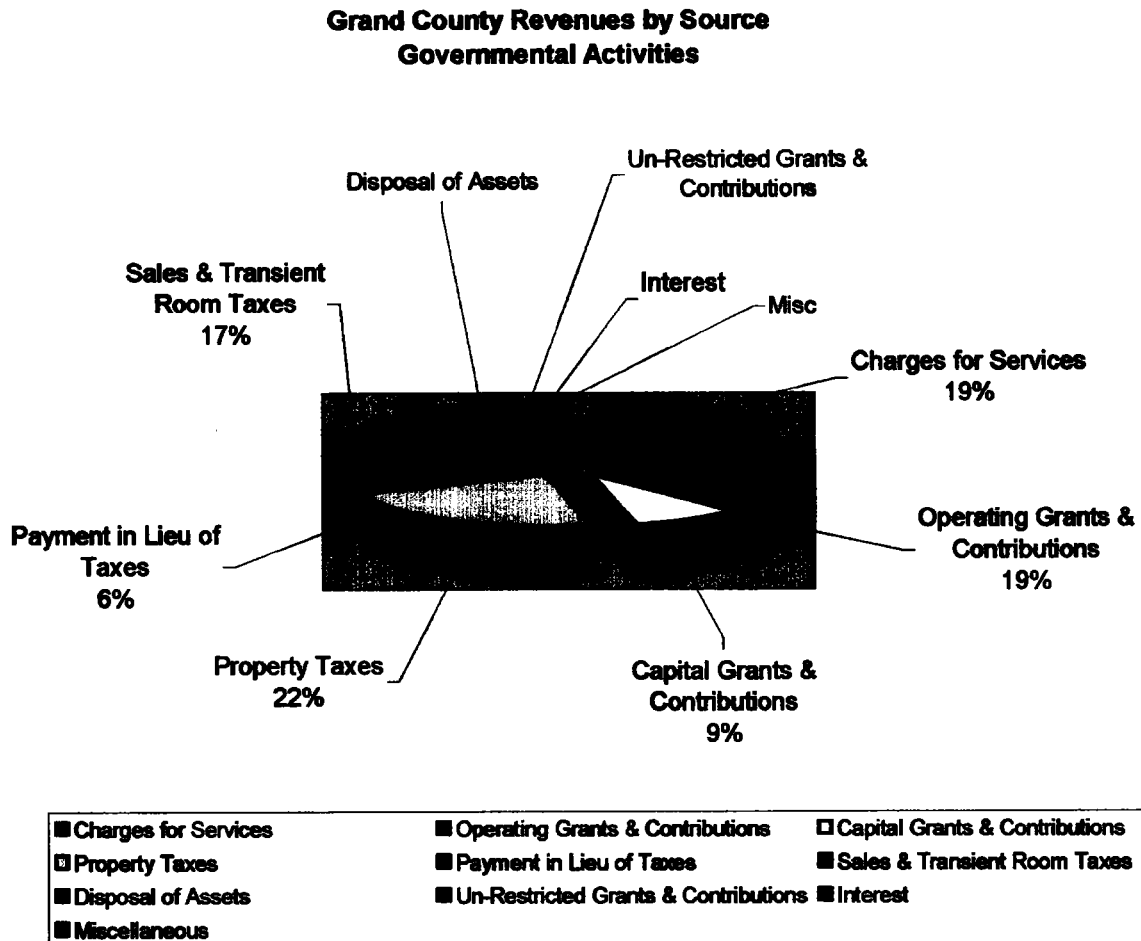
Grand County's combined ending net assets total \$69,746,447, a decrease of \$1,005,879 over the prior year's ending net asset balances. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$3,109,211. The following table summarizes the changes in Grand County's net assets:

**Table 2**  
**Change in Net Assets**

	<b>Governmental Activities 2004</b>	<b>Governmental Activities 2005</b>	<b>Business-Type Activities 2004</b>	<b>Business-Type Activities 2005</b>
<b>Revenues</b>				
Program Revenues:				
Charges for services	\$ 1,857,087	\$ 2,137,731	\$ 232,716	\$ 237,613
Operating grants and contributions	1,996,892	2,151,530		
Capital grants and contributions	841,377	1,015,940		
General Revenues:				
Property taxes	2,038,281	2,588,492		
Transient room tax		1,011,771		
Payment in lieu of taxes	640,349	653,761		
Sales taxes	1,947,594	927,410		
Gains/(loss) on disposal of assets		580,641		
Grants and contributions not restricted to specific programs		123,502	567,348	5,939
Interest	55,376	210,233	15,792	31,359
Miscellaneous	38,847	22,677		
Total revenues	<u>\$ 9,415,803</u>	<u>\$ 11,423,688</u>	<u>\$ 815,856</u>	<u>\$ 274,911</u>
<b>Program expenses</b>				
General government	\$ 2,130,156	\$ 2,220,021		
Public safety	2,870,400	3,327,291		
Public health	352,359	390,383		
Highways and public improvements	3,817,287	3,926,927		
Parks and recreation	1,029,010	1,240,298		
Conservation & econ. development	806,736	951,882		
Intergovernmental	302,643	48,634		
Interest on long-term debt	91,963	132,434		
Municipal Building Authority			\$ 67,971	\$ 232,876
Sandflat Recreation			199,851	233,732
Total expenses	<u>\$ 11,400,554</u>	<u>\$ 12,237,870</u>	<u>\$ 267,822</u>	<u>\$ 466,608</u>
Excess (deficiency) before transfers	\$ (1,984,751)	\$ (814,182)	\$ 548,034	\$ (191,697)
Transfers	(90,093)	(134,243)	90,093	134,243
Change in net assets	<u>\$ (2,074,844)</u>	<u>\$ (948,425)</u>	<u>\$ 638,127</u>	<u>\$ (57,454)</u>
Net assets - beginning	\$ 71,368,558	\$ 69,295,111	\$ 819,088	\$ 1,457,215
Net assets - ending	<u>69,293,714</u>	<u>68,346,686</u>	<u>1,457,215</u>	<u>1,399,761</u>
	<u>\$ (2,074,844)</u>	<u>\$ (948,425)</u>	<u>\$ 638,127</u>	<u>\$ (57,454)</u>

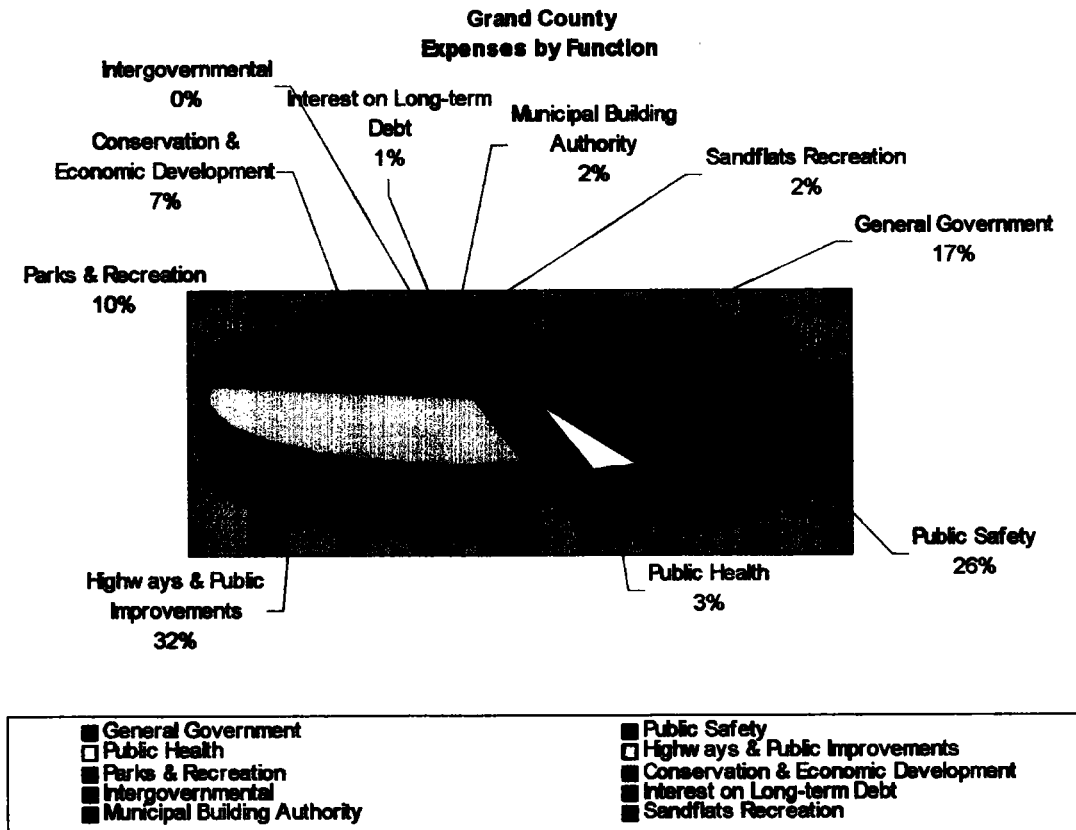
## Governmental Activities

Sources of revenues for the County's governmental activities are comprised of the items listed below and total \$11,423,688.



Taxes constitute the largest source of Grand County revenues. Property and sales tax combined represent 39% of the total revenue and signify an increase of \$541,798 from the previous reporting period.

The cost of all governmental activities for FY 2005 was \$12,704,478. The following chart represents expenses by the County's largest functions.



### Capital Asset and Debt Administration

#### Capital Assets

Grand County's investment in capital assets for all governmental activities as of December 31, 2005 amounted to \$71,949,418. Capital asset investments include land, buildings, improvements other than buildings and equipment. Roads, highways, bridges and work in progress are incorporated in the infrastructure, as summarized below:

**Table 4  
Capital Assets at Year-end  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
Land	\$ 2,381,355	\$ 2,339,229	\$ 813,515	\$ 813,515
Right of ways	4,863,194	4,863,194		
Buildings	5,215,261	5,226,999	1,258,785	3,657,104
Improvements other than buildings	4,549,350	4,893,476	57,445	52,446
Equipment	1,747,479	1,409,341	26,902	36,773
Infrastructure	49,571,504	47,556,691		
Work in progress	103,284	1,100,650	400,126	
Total	<u>\$ 68,431,427</u>	<u>\$ 67,389,580</u>	<u>\$ 2,556,773</u>	<u>\$ 4,559,838</u>

Additional information on Grand County's capital assets can be found in the notes to the financial statements.

### Long-term Debt

The Debt Service Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, which are funded from general governmental fund operations. The amount of general obligation debt a governmental entity may issue is limited to 2 percent of its total fair market value of taxable property. Grand County currently has general obligation debt of \$5,176,000 and revenue bond debt of \$3,475,300. The following table is a summary of Grand County's gross outstanding long-term debt as of December 31, 2005

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Capital lease payables	\$ 137,387	\$ 146,436	\$ 21,518	\$ 11,901
Bond payable	<u>5,295,000</u>	<u>5,176,000</u>	<u>3,597,293</u>	<u>3,475,300</u>
Total	<u>\$ 5,432,387</u>	<u>\$ 5,322,436</u>	<u>\$ 3,618,811</u>	<u>\$ 3,487,201</u>

More detailed information about the County's long-term liabilities is available in the notes to the financial statements.

### Business-type Activities

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Fund experienced an increase in net assets due to construction of new facilities and acquisition of property. The fund financial statements provide more detail and additional information for the County's Enterprise Funds.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Grand County Council will consider a number of factors when setting the FY 2006 Budget including but not limited to the unemployment rate, increase/decrease in market values of property and certified tax rates. Construction plans to be considered for 2006 consist of the completion of the Grand County Library and continued expansion projects at Canyonlands Airport.

### Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fran Townsend, Grand County Clerk/Auditor, 125 E. Center Street, Moab, Utah 84532.

**GRAND COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and investments	\$ 3,417,111	\$ 103,138	\$ 3,520,249	\$ 2,280,289
Taxes receivable	1,183,427		1,183,427	133,011
Accounts receivable - net	2,005		2,005	3,589,753
Other receivables	1,506	7,522	9,028	48,127
Promises to give, net of current portion				8,824
Internal balances	(658)	658		
Due from other governmental units	858,059		858,059	228,648
Inventory				367,084
Prepaid expenses	7,956	32	7,988	1,850
Bond issuance costs, net	11,776	29,756	41,532	
Restricted cash	38,197		38,197	267,409
Restricted Investments	1,973,834	129,826	2,103,660	419,931
Note receivable		129,000	129,000	
Other current assets				15,484
Capital assets (net of accumulated depreciation):				
Land	2,339,229	813,515	3,152,744	1,607,337
Rights of Way	4,863,194		4,863,194	
Buildings	5,226,999	3,657,104	8,884,103	2,269,448
Improvements other than buildings	4,893,476	52,446	4,945,922	1,009,327
Equipment	1,409,341	36,773	1,446,114	1,100,472
Infrastructure	47,556,691		47,556,691	2,071,176
Work in progress	1,100,650		1,100,650	762,977
Total assets	\$ 74,882,793	\$ 4,959,770	\$ 79,842,563	\$ 16,181,147
<u>LIABILITIES</u>				
Accounts payable	\$ 558,252	\$ 17,151	\$ 575,403	\$ 2,251,516
Accrued liabilities	195,437	9,343	204,780	789
Deferred revenue				150
Bond interest payable	107,574	46,314	153,888	43,786
Notes payable - Due within one year				216,329
General obligation bonds - Due within one year	98,000		98,000	114,511
Revenue bonds - Due within one year	123,000	182,300	305,300	44,100
Capital leases payable - Due within one year	83,478	10,155	93,633	209,018
Note payable - Due in more than one year				616,976
General obligation bonds - Due in more than one year	2,402,000		2,402,000	918,761
Revenue bonds payable - Due in more than one year	2,553,000	3,293,000	5,846,000	704,600
Capital leases payable - Due in more than one year	62,958	1,746	64,704	297,332
Compensated absences	352,408		352,408	
Total liabilities	\$ 6,536,107	\$ 3,560,009	\$ 10,096,116	\$ 5,417,868

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 61,959,569	\$ 1,026,323	\$ 62,985,892	\$ 5,655,324
Restricted for:				
Class "B" roads	617,926		617,926	
Grants	682,567		682,567	
Capital improvements	1,849,152		1,849,152	1,114,676
Debt Service	545,054	129,826	674,880	718,232
Unrestricted	2,692,418	243,612	2,936,030	3,275,047
Total net assets	<u>\$ 68,346,686</u>	<u>\$ 1,399,761</u>	<u>\$ 69,746,447</u>	<u>\$ 10,763,279</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENTS UNITS
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,220,021	\$ 908,069	\$ 96,762	\$ 275,799	\$ (1,215,190)	\$ (1,215,190)	
Public safety	3,327,291	746,090	358,660		(1,946,742)	(1,946,742)	
Public health	390,383		69,351		(321,032)	(321,032)	
Highways and public improvements	3,926,927	109,636	1,354,920		(2,462,371)	(2,462,371)	
Parks and recreation	1,240,298	139,164	65,837	740,141	(295,156)	(295,156)	
Conservation & economic development	951,882	234,772	206,000		(511,110)	(511,110)	
Intergovernmental	48,634				(48,634)	(48,634)	
Interest on long-term debt	132,434				(132,434)	(132,434)	
<b>Total governmental activities</b>	<b>\$ 12,237,870</b>	<b>\$ 2,137,731</b>	<b>\$ 2,151,530</b>	<b>\$ 1,015,940</b>	<b>\$ (6,932,669)</b>	<b>\$ (6,932,669)</b>	
<b>Business-type activities:</b>							
MBA	\$ 232,876					\$ (232,876)	
Sanfills	233,732	\$ 237,613				3,881	
<b>Total business-type activities</b>	<b>\$ 466,608</b>	<b>\$ 237,613</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ (228,995)</b>	
<b>Total primary government</b>	<b>\$ 12,704,478</b>	<b>\$ 2,375,344</b>	<b>\$ 2,151,530</b>	<b>\$ 1,015,940</b>	<b>\$ (6,932,669)</b>	<b>\$ (7,161,664)</b>	
<b>Component Units:</b>							
Solid Waste Special Service District	\$ 497,245	\$ 371,159				\$ (126,086)	
Grand County Special Service Water District	97,404					(97,404)	
Grand County Recreation Special Service District	272,823					(272,823)	
Canyonlands Health Care Special Service District	13,462,922	13,430,997	\$ 101,087			69,162	
Thompson Special Service District	38,070	39,759				1,689	
<b>Total component units</b>	<b>\$ 14,368,464</b>	<b>\$ 13,841,915</b>	<b>\$ 101,087</b>	<b>\$</b>	<b>\$</b>	<b>\$ (425,462)</b>	
<b>General revenues:</b>							
Property taxes					\$ 2,588,492	\$ 2,588,492	\$ 157,837
Transient room tax					1,011,771	1,011,771	
Payment in lieu of taxes					653,761	653,761	115,816
Sales taxes					927,410	927,410	
Mineral lease revenue							1,054,367
Grants and contributions not restricted to specific programs					123,502	129,441	38,315
Unrestricted investment earnings					210,233	241,592	77,638
Gain/(Loss) on disposal of assets					580,641	580,641	
Miscellaneous					22,677	22,677	15,236
Transfers in (out)					(134,243)	134,243	
<b>Total general revenues and transfers</b>					<b>\$ 5,984,244</b>	<b>\$ 6,155,785</b>	<b>\$ 1,459,409</b>
<b>Change in net assets</b>					<b>\$ (948,425)</b>	<b>\$ (57,454)</b>	<b>\$ 1,033,947</b>
<b>Net assets - beginning</b>					<b>69,295,111</b>	<b>1,457,215</b>	<b>9,729,332</b>
<b>Net assets - ending</b>					<b>\$ 68,346,686</b>	<b>\$ 1,399,761</b>	<b>\$ 10,763,279</b>

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL FUND	"B" ROAD	LIBRARY CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>					
Cash and investments	\$ 752,255	\$ 402,200	\$ 73,869	\$ 2,328,488	\$ 3,556,812
Receivables (net):					
Accounts				2,005	2,005
Taxes	724,841			458,586	1,183,427
Other				1,506	1,506
Due from other governments	161,256	264,148		432,655	858,059
Prepaid expenses	7,509	248		199	7,956
Restricted cash				38,197	38,197
Restricted investments			1,973,834		1,973,834
<b>Total assets</b>	<b>\$ 1,645,861</b>	<b>\$ 666,596</b>	<b>\$ 2,047,703</b>	<b>\$ 3,261,636</b>	<b>\$ 7,621,796</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Cash deficit				\$ 163,593	\$ 163,593
Accounts payable	\$ 79,679	\$ 16,522	\$ 325,447	136,604	558,252
Payroll liabilities	133,954	32,148		29,335	195,437
<b>Total liabilities</b>	<b>\$ 213,633</b>	<b>\$ 48,670</b>	<b>\$ 325,447</b>	<b>\$ 329,532</b>	<b>\$ 917,282</b>
Fund balances:					
Reserved for:					
Class "B" Road		\$ 617,926			\$ 617,926
Capital projects			\$ 1,722,256	\$ 126,896	1,849,152
Debt service				545,054	545,054
Grants				682,567	682,567
Unreserved, reported in:					
General fund	\$ 1,432,228				1,432,228
Special revenue fund				1,577,587	1,577,587
<b>Total fund balances</b>	<b>\$ 1,432,228</b>	<b>\$ 617,926</b>	<b>\$ 1,722,256</b>	<b>\$ 2,932,104</b>	<b>\$ 6,704,514</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,645,861</b>	<b>\$ 666,596</b>	<b>\$ 2,047,703</b>	<b>\$ 3,261,636</b>	<b>\$ 7,621,796</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

Total fund balances - governmental fund types: \$ 6,704,514

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of: 67,389,580

Land	\$ 2,339,229
Rights of Way	4,863,194
Buildings	5,226,999
Improvements other than buildings	4,893,476
Equipment	1,409,341
Infrastructure	47,556,691
Work in progress	<u>1,100,650</u>

Total	<u>\$ 67,389,580</u>
-------	----------------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (5,770,642)

Bonds interest payable	\$ (107,574)
Bond issuance costs, net	11,776
Revenue and general obligations bonds - Due within one year	(221,000)
Revenue and general obligation bonds - Due in more than one year	(4,955,000)
Capital leases payable - Due within one year	(83,478)
Capital leases payable - Due in more than one year	(62,958)
Compensated absences	<u>(352,408)</u>

Total	<u>\$ (5,770,642)</u>
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Internal service funds are used by management to charge the costs of various insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

23,892

Accumulated effect of crossover amounts charged in prior years to business-type activities from Internal Service Fund activity.

(658)

Net assets of government activities \$ 68,346,686

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL FUND	"B" ROAD	LIBRARY CAPITAL PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes	\$ 2,488,623			\$ 2,039,050	\$ 4,527,673
Licenses and permits	200,994				200,994
Intergovernmental revenues	921,171	\$ 1,354,920	\$ 1,911	1,543,229	3,821,231
Charges for services	331,080	109,636		681,504	1,122,220
Fines and forfeitures	523,561				523,561
Interest income	62,828	16,787	80,297	24,440	184,352
Miscellaneous	919,195	621	8,200	157,766	1,085,782
<b>Total revenues</b>	<b>\$ 5,447,452</b>	<b>\$ 1,481,964</b>	<b>\$ 90,408</b>	<b>\$ 4,445,989</b>	<b>\$ 11,465,813</b>
<b>EXPENDITURES:</b>					
Current:					
General government	\$ 2,077,433			\$ 1,492	\$ 2,078,925
Public safety	2,542,095			817,499	3,359,594
Highways and public improvements	36,006	\$ 1,638,006		41,358	1,715,370
Public health	266,745			100,195	366,940
Parks, recreation, and public property	316,511			571,166	887,677
Conservation and economic development	29,955			916,270	946,225
Intergovernmental	48,634				48,634
Capital outlay			\$ 1,051,405	627,796	1,679,201
Debt service:					
Principal retirement	60,951			141,742	202,693
Interest and fiscal charges	2,789			85,246	88,035
<b>Total expenditures</b>	<b>\$ 5,381,119</b>	<b>\$ 1,638,006</b>	<b>\$ 1,051,405</b>	<b>\$ 3,302,764</b>	<b>\$ 11,373,294</b>
Excess revenues over (under) expenditures	\$ 66,333	\$ (156,042)	\$ (960,997)	\$ 1,143,225	\$ 92,519
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	\$ 460,958	\$ 11,500	\$ 140,600	\$ 1,130,019	\$ 1,743,077
Transfers out	(597,033)			(1,280,287)	(1,877,320)
Capital lease financing	92,743				92,743
<b>Total other financing sources (uses)</b>	<b>\$ (43,332)</b>	<b>\$ 11,500</b>	<b>\$ 140,600</b>	<b>\$ (150,268)</b>	<b>\$ (41,500)</b>
Excess of revenues and other sources over (under) expenditures and other uses	\$ 23,001	\$ (144,542)	\$ (820,397)	\$ 992,957	\$ 51,019
<b>FUND BALANCES - beginning of year</b>	<b>1,409,227</b>	<b>762,468</b>	<b>2,542,653</b>	<b>1,939,147</b>	<b>6,653,495</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 1,432,228</b>	<b>\$ 617,926</b>	<b>\$ 1,722,256</b>	<b>\$ 2,932,104</b>	<b>\$ 6,704,514</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 51,019

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

General government	\$	39,310	
Public safety		301,504	
Highways		26,198	
Parks and recreation		8,959	
Capital outlay		<u>1,652,533</u>	
Total assets shown as expenditures		\$ 2,028,504	
Less: depreciation		<u>(3,028,225)</u>	
Difference between expenditure and depreciation			(999,721)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) that decrease net assets. (42,126)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of payment of principal on long-term obligation (e.g., bonds, leases).

Issuance of capital lease	\$	(92,743)	
Amortization of bond issuance costs		(1,178)	
Retirement of long-term debt		<u>202,693</u>	
Net long-term debt transactions			108,772

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(13,645)	
Increase in bond interest payable		(44,399)	

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities. (8,325)

Change in net assets of governmental activities \$ (948,425)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes - current year	\$ 1,325,000	\$ 1,348,437	\$ 1,446,660	\$ 98,223
General property taxes - prior years	85,000	85,000	69,579	(15,421)
Penalties and interest on delinquent taxes	75,000	51,563	39,262	(12,301)
General sales and aviation tax	807,341	807,341	933,122	125,781
<b>Total taxes</b>	<b>\$ 2,292,341</b>	<b>\$ 2,292,341</b>	<b>\$ 2,488,623</b>	<b>\$ 196,282</b>
<b>Licenses and permits:</b>				
Business licenses and permits	\$ 107,400	\$ 167,400	\$ 187,589	\$ 20,189
Non-business licenses and permits	16,300	16,300	13,405	(2,895)
<b>Total licenses and permits</b>	<b>\$ 123,700</b>	<b>\$ 183,700</b>	<b>\$ 200,994</b>	<b>\$ 17,294</b>
<b>Intergovernmental:</b>				
Federal	\$ 685,114	\$ 695,814	\$ 663,002	\$ (32,812)
State	110,864	100,164	100,262	98
Other	440,200	165,698	157,907	(7,791)
<b>Total intergovernmental</b>	<b>\$ 1,236,178</b>	<b>\$ 961,676</b>	<b>\$ 921,171</b>	<b>\$ (40,505)</b>
<b>Charges for services:</b>				
Departmental fees	\$ 249,898	\$ 160,075	\$ 163,474	\$ 3,399
Inmate fees	189,000	213,400	156,856	(56,544)
Other fees	20,500	16,000	10,750	(5,250)
<b>Total charges for services</b>	<b>\$ 459,398</b>	<b>\$ 389,475</b>	<b>\$ 331,080</b>	<b>\$ (58,395)</b>
<b>Fines and forfeitures</b>	<b>\$ 636,256</b>	<b>\$ 636,256</b>	<b>\$ 523,561</b>	<b>\$ (112,695)</b>
<b>Miscellaneous:</b>				
Investment earnings	\$ 12,000	\$ 52,000	\$ 62,828	\$ 10,828
Rents and concessions	265,029	270,029	290,771	20,742
Sale of material, supplies and equipment	6,700	284,850	622,767	337,917
Other	18,978	4,500	5,657	1,157
<b>Total miscellaneous</b>	<b>\$ 302,707</b>	<b>\$ 611,379</b>	<b>\$ 982,023</b>	<b>\$ 370,644</b>
<b>Total Revenues</b>	<b>\$ 5,050,580</b>	<b>\$ 5,074,827</b>	<b>\$ 5,447,452</b>	<b>\$ 372,625</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXPENDITURES				
Current:				
General government:				
County Council	\$ 79,972	\$ 79,972	\$ 72,984	\$ 6,988
Justice court	286,706	202,306	197,550	4,756
Public defender		103,800	96,821	6,979
Personnel/Administrator	122,375	122,375	108,401	13,974
Clerk/Auditor	231,538	221,738	221,630	108
Treasurer	105,162	105,162	103,716	1,446
Recorder	166,728	177,728	173,644	4,084
Attorney	259,199	279,299	272,338	6,961
Assessor	182,718	197,718	188,646	9,072
Non-Departmental	148,150	197,548	165,620	31,928
Data processing	9,000	11,000	9,984	1,016
Elections	6,450	6,450	5,492	958
Planning and zoning	87,743	96,743	93,415	3,328
Surveyor	31,955	31,955	31,294	661
Building and grounds	340,486	337,886	335,898	1,988
Total general government	\$ 2,058,182	\$ 2,171,680	\$ 2,077,433	\$ 94,247
Public safety:				
Sheriff	\$ 1,235,132	\$ 1,317,253	\$ 1,234,741	\$ 82,512
Jail	994,481	1,038,529	1,044,345	(5,816)
Liquor law enforcement		14,700	14,700	
State prisoner reimbursements		5,800	2,530	3,270
Fire control	34,375	34,375	21,935	12,440
Building inspector	118,828	126,317	126,485	(168)
Weed control	64,592	65,792	64,272	1,520
Animal control	20,000	20,000	14,432	5,568
911 Emergency	44,500			
Emergency management	28,400	25,900	18,655	7,245
Total public safety	\$ 2,540,308	\$ 2,648,666	\$ 2,542,095	\$ 106,571
Public health:				
Public health	\$ 85,211	\$ 85,211	\$ 85,211	
Senior citizens	180,812	183,212	181,534	\$ 1,678
Total public health	\$ 266,023	\$ 268,423	\$ 266,745	\$ 1,678

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Highways and public improvements:				
County roads	\$ 46,546	\$ 36,673	\$ 36,006	\$ 667
Airport security	66,500			
Total highways and public improvements	\$ 113,046	\$ 36,673	\$ 36,006	\$ 667
Parks, recreation, and public property:				
Lions Park		\$ 3,500	\$ 3,231	\$ 269
Spanish Trail Arena	\$ 139,995	141,195	141,316	(121)
Museum	55,536	57,036	56,553	483
Airport		66,500	56,821	9,679
Community Center	54,539	64,539	58,590	5,949
Total parks, recreation & public prop.	\$ 250,070	\$ 332,770	\$ 316,511	\$ 16,259
Conservation and Economic Development:				
Agriculture and extension services	\$ 34,280	\$ 34,280	\$ 29,955	\$ 4,325
CDBG grants	75,470			
Total conservation and economic development	\$ 109,750	\$ 34,280	\$ 29,955	\$ 4,325
Debt service:				
Principal retirement		\$ 60,951	\$ 60,951	
Interest and fiscal charges		2,980	2,789	\$ 191
Total debt service	\$ ...	\$ 63,931	\$ 63,740	\$ 191
Intergovernmental:				
Contributions to other governments		\$ 69,110	\$ 48,634	\$ 20,476
Total intergovernmental	\$ ...	\$ 69,110	\$ 48,634	\$ 20,476
Total expenditures	\$ 5,337,379	\$ 5,625,533	\$ 5,381,119	\$ 244,414
Excess of revenue over (under) expenditures	\$ (286,799)	\$ (550,706)	\$ 66,333	\$ 617,039
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 64,984	\$ 463,458	\$ 460,958	\$ (2,500)
Transfers out	(63,000)	(607,096)	(597,033)	10,063
Capital lease financing	130,000	130,000	92,743	(37,257)
Total other financing sources (uses)	\$ 131,984	\$ (13,638)	\$ (43,332)	\$ (29,694)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess of revenues and other sources over (under) expenditures and other uses	\$ (154,815)	\$ (564,344)	\$ 23,001	\$ 587,345
Fund balances - beginning of year	<u>1,409,227</u>	<u>1,409,227</u>	<u>1,409,227</u>	
Fund balances - end of year	<u>\$ 1,254,412</u>	<u>\$ 844,883</u>	<u>\$ 1,432,228</u>	<u>\$ 587,345</u>

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY**  
**"B" ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental Revenues				
Intergovernmental revenues	\$ 1,793,803	\$ 1,793,803	\$ 1,354,920	\$ (438,883)
Total Intergovernmental	\$ 1,793,803	\$ 1,793,803	\$ 1,354,920	\$ (438,883)
Charges for Services				
Charges for services	\$ 112,300	\$ 100,500	\$ 109,636	\$ 9,136
Total charges for services	\$ 112,300	\$ 100,500	\$ 109,636	\$ 9,136
Miscellaneous				
Investment earnings	\$ 9,000	\$ 9,000	\$ 16,787	\$ 7,787
Other		18,453	621	(17,832)
Total miscellaneous	\$ 9,000	\$ 27,453	\$ 17,408	\$ (10,045)
Total Revenues	\$ 1,915,103	\$ 1,921,756	\$ 1,481,964	\$ (439,792)
<b>EXPENDITURES</b>				
Current:				
Highways and public improvements				
Salaries and benefits	\$ 1,084,333	\$ 1,096,956	\$ 1,039,364	\$ 57,592
Supplies	8,000	8,000	10,121	(2,121)
Utilities	22,000	22,000	18,848	3,152
Repairs and maintenance	340,000	340,000	346,401	(6,401)
Professional services	78,000	78,000	77,554	446
Highway projects	300,000	300,000	119,351	180,649
Capital improvements	87,000	87,000	26,198	60,802
Miscellaneous	1,300	1,300	169	1,131
Total highways and public improvements	\$ 1,920,633	\$ 1,933,256	\$ 1,638,006	\$ 295,250
Total expenditures	\$ 1,920,633	\$ 1,933,256	\$ 1,638,006	\$ 295,250
Excess of revenue over (under) expenditures	\$ (5,530)	\$ (11,500)	\$ (156,042)	\$ (144,542)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**"B" ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		\$ 11,500	\$ 11,500	
Transfers out				
Total other financing sources (uses)	\$ ...	\$ 11,500	\$ 11,500	\$ ...
Excess of revenue and other sources over (under) expenditures and other uses	\$ (5,530)		\$ (144,542)	\$ (144,542)
Fund balances - beginning of year	224,804	\$ 548,969	762,468	213,499
Fund balances - end of year	<u>\$ 219,274</u>	<u>\$ 548,969</u>	<u>\$ 617,926</u>	<u>\$ 68,957</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	<u>MUNICIPAL BUILDING AUTHORITY</u>	<u>NONMAJOR FUNDS SANDFLAT</u>	<u>TOTAL BTAs</u>	<u>INTERNAL SERVICE FUND</u>
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 19,106	\$ 84,032	\$ 103,138	\$ 23,892
Receivables - net				
Miscellaneous	7,000	522	7,522	
Prepaid expenses		32	32	
Restricted investments	129,826		129,826	
Bond issue costs	29,756		29,756	
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	<u>\$ 185,688</u>	<u>\$ 84,586</u>	<u>\$ 270,274</u>	<u>\$ 23,892</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Noncurrent assets:				
Note receivable	\$ 129,000		\$ 129,000	
Land	813,515		813,515	
Buildings	3,928,094		3,928,094	
Improvements other than buildings		\$ 99,963	99,963	
Furniture, fixtures and equipment	13,928	63,606	77,534	
Accumulated depreciation	(271,861)	(87,407)	(359,268)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	<u>\$ 4,612,676</u>	<u>\$ 76,162</u>	<u>\$ 4,688,838</u>	<u>\$ ...</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 4,798,364</u>	<u>\$ 160,748</u>	<u>\$ 4,959,112</u>	<u>\$ 23,892</u>
	<hr/>	<hr/>	<hr/>	<hr/>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS SANDFLAT	TOTAL BTAs	
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 1,152	\$ 15,999	\$ 17,151	
Accrued interest payable	46,314		46,314	
Accrued wages and benefits		9,343	9,343	
Current portion - lease payable		10,155	10,155	
Current portion - revenue bonds	182,300		182,300	
Total current liabilities	\$ 229,766	\$ 35,497	\$ 265,263	\$ ...
Noncurrent liabilities:				
Capital lease		\$ 1,746	\$ 1,746	
Revenue bonds payable	\$ 3,293,000		3,293,000	
Total noncurrent liabilities	\$ 3,293,000	\$ 1,746	\$ 3,294,746	\$ ...
Total liabilities	\$ 3,522,766	\$ 37,243	\$ 3,560,009	\$ ...
Net Assets:				
Invested in capital assets, net of related debt	\$ 962,062	\$ 64,261	\$ 1,026,323	
Restricted	129,826		129,826	
Unrestricted	183,710	59,244	242,954	\$ 23,892
Total net assets	\$ 1,275,598	\$ 123,505	\$ 1,399,103	\$ 23,892
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			658	
Net assets of business-type activities			\$ 1,399,761	

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
Operating revenues:				
Charges for sales and services		\$ 237,613	\$ 237,613	\$ 1,036,903
Total operating revenues	\$ ...	\$ 237,613	\$ 237,613	\$ 1,036,903
Operating expenses:				
Employee salaries and benefits		\$ 121,789	\$ 121,789	
Accounting services		5,000	5,000	
Office supplies		16,158	16,158	
Other supplies and services		4,560	4,560	
Contractual services		19,423	19,423	\$ 1,045,411
Utilities		3,155	3,155	
Repairs and maintenance	\$ 97,654	16,563	114,217	
Depreciation	67,673	13,314	80,987	
Trust land fees		28,733	28,733	
Miscellaneous		115	115	
Travel		63	63	
Seminars		405	405	
Dump fees		3,335	3,335	
Bond issue costs	729		729	
Total operating expenses	\$ 166,056	\$ 232,613	\$ 398,669	\$ 1,045,411
Operating income (loss)	\$ (166,056)	\$ 5,000	\$ (161,056)	\$ (8,508)
Nonoperating revenues (expenses):				
Interest revenue	\$ 29,678	\$ 1,681	\$ 31,359	
Interest expense and administrative fees	(66,820)	(936)	(67,756)	
Contribution from other governments	2,600	3,339	5,939	
Total nonoperating revenues (expenses)	\$ (34,542)	\$ 4,084	\$ (30,458)	\$ ...
Income (loss) before transfers	\$ (200,598)	\$ 9,084	\$ (191,514)	\$ (8,508)
Transfers In (Out):				
Transfers in	\$ 159,243		\$ 159,243	
Transfers out		\$ (25,000)	(25,000)	
Total transfers in (out)	\$ 159,243	\$ (25,000)	\$ 134,243	\$ ...

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			INTERNAL SERVICE FUND
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	
Change in net assets	\$ (41,355)	\$ (15,916)	\$ (57,271)	\$ (8,508)
Total net assets - beginning	<u>1,316,953</u>	<u>139,421</u>		<u>32,400</u>
Total net assets - ending	<u>\$ 1,275,598</u>	<u>\$ 123,505</u>		<u>\$ 23,892</u>
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			<u>(183)</u>	
Changes in net assets of business-type activities			<u>\$ (57,454)</u>	

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers		\$ 237,184	\$ 237,184	\$ 1,039,060
Payments to suppliers	\$ (332,814)	(82,522)	(415,336)	(1,045,411)
Payments to employees		(121,725)	(121,725)	
Net cash provided (used) by operating activities	\$ (332,814)	\$ 32,937	\$ (299,877)	\$ (6,351)
<b>Cash Flows From Noncapital Financing Activities:</b>				
Contribution from other governments	\$ 2,600	\$ 3,339	\$ 5,939	
Transfers from other funds	159,243		159,243	
Transfers to other funds		(25,000)	(25,000)	
Net cash provided (used) by noncapital financing activities	\$ 161,843	\$ (21,661)	\$ 140,182	\$ ...
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	\$ (2,078,923)	\$ (5,129)	\$ (2,084,052)	
Principal paid on capital debt	(121,993)	(9,617)	(131,610)	
Sale of fixed assets	7,000		7,000	
Interest paid on capital debt	(38,112)	(936)	(39,048)	
Net cash provided (used) by capital and related financing activities	\$ (2,232,028)	\$ (15,682)	\$ (2,247,710)	\$ ...
<b>Cash Flows From Investing Activities:</b>				
Interest and dividends received	\$ 29,678	\$ 1,681	\$ 31,359	
Net cash provided (used) by investing activities	\$ 29,678	\$ 1,681	\$ 31,359	\$ ...
Net increase (decrease) in cash and cash equivalents	\$ (2,373,321)	\$ (2,725)	\$ (2,376,046)	\$ (6,351)
Cash and investments, January 1	2,522,253	86,757	2,609,010	30,243
Cash and investments, December 31	\$ 148,932	\$ 84,032	\$ 232,964	\$ 23,892

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (166,056)	\$ 5,000	\$ (161,056)	\$ (8,508)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 67,673	\$ 13,314	\$ 80,987	
Bond amortization costs	1,516		1,516	
(Increase) Decrease in accounts receivable		(429)	(429)	\$ 2,157
(Increase) Decrease in prepaids		(32)	(32)	
Increase (Decrease) in accounts payable	(235,947)	15,020	(220,927)	
Increase (Decrease) in accrued liabilities		64	64	
Total adjustments	\$ (166,758)	\$ 27,937	\$ (138,821)	\$ 2,157
Net cash provided (used) by operating activities	\$ (332,814)	\$ 32,937	\$ (299,877)	\$ (6,351)

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2005**

	<u>AGENCY FUNDS</u>
 <u><b>ASSETS</b></u>	
Cash and investments	\$ 3,271,189
Receivables (net):	
Taxes	<u>76,126</u>
Total assets	<u><u>\$ 3,347,315</u></u>
 <u><b>LIABILITIES</b></u>	
Due governments and organizations	\$ 43,758
Due taxing units	<u>3,303,557</u>
Total liabilities	<u><u>\$ 3,347,315</u></u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
DECEMBER 31, 2005**

	CANYONLANDS HEALTH CARE SPECIAL SERVICE DISTRICT	OTHER NON-MAJOR COMPONENT UNITS	TOTAL
<b><u>ASSETS</u></b>			
Cash and investments	\$ 379,658	\$ 1,900,631	\$ 2,280,289
Taxes receivable		133,011	133,011
Accounts receivable - net	3,560,560	29,193	3,589,753
Other receivables	48,127		48,127
Promises to give, net of current portion	8,824		8,824
Due from other governmental units	11,966	216,682	228,648
Inventory	366,586	498	367,084
Prepaid expense		1,850	1,850
Restricted cash	267,409		267,409
Restricted Investments		419,931	419,931
Other current assets	15,484		15,484
Capital assets (net of accumulated depreciation):			
Land	1,344,761	262,576	1,607,337
Buildings	1,514,488	754,960	2,269,448
Improvements other than buildings	159,603	849,724	1,009,327
Equipment	980,875	119,597	1,100,472
Infrastructure		2,071,176	2,071,176
Work in progress	598,310	164,667	762,977
Total assets	<u>\$ 9,256,651</u>	<u>\$ 6,924,496</u>	<u>\$ 16,181,147</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 2,211,730	\$ 39,786	\$ 2,251,516
Accrued liabilities		789	789
Deferred revenue	150		150
Bond interest payable	3,763	40,023	43,786
Notes payable - Due within one year	214,387	1,942	216,329
General obligation bonds payable - Due within one year		114,511	114,511
Revenue bonds payable - Due within one year	28,000	16,100	44,100
Capital leases payable - Due within one year	209,018		209,018
Notes payable - Due in more than one year	546,212	70,764	616,976
General obligation bonds payable - Due in more than one year		918,761	918,761
Revenue bonds payable - Due in more than one year	187,000	517,600	704,600
Capital leases payable - Due in more than one year	297,332		297,332
Total liabilities	<u>\$ 3,697,592</u>	<u>\$ 1,720,276</u>	<u>\$ 5,417,868</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 3,112,325	\$ 2,542,999	\$ 5,655,324
Restricted for:			
Capital projects	181,282	933,394	1,114,676
Debt Service	165,290	552,942	718,232
Unrestricted	2,100,162	1,174,885	3,275,047
Total net assets	<u>\$ 5,559,059</u>	<u>\$ 5,204,220</u>	<u>\$ 10,763,279</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Function/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL MAJOR COMPONENT UNIT	OTHER NONMAJOR COMPONENT UNITS	TOTAL
<b>Governmental activities:</b>							
Canyonlands Health Care Special Service District							
General government	\$ 244,584	\$ 71,933	\$ 101,087		\$ (71,564)	\$	\$ (71,564)
Public health	13,184,022	13,359,064			175,042		175,042
Interest on long term liabilities	34,316				(34,316)		(34,316)
Total governmental activities	\$ 13,462,922	\$ 13,430,997	\$ 101,087	\$	\$ 69,162	\$	\$ 69,162
<b>Business-type activities:</b>							
Solid Waste Special Service District	\$ 497,245	\$ 371,159			\$ (126,086)	\$	\$ (126,086)
Grand County Special Service Water District	97,404				(97,404)		(97,404)
Thompson Special Service District	38,070	39,759			1,689		1,689
Grand County Recreation Special Service District	272,823				(272,823)		(272,823)
Total business-type activities	\$ 905,542	\$ 410,918	\$	\$	\$ (494,624)	\$	\$ (494,624)
Total component units	\$ 14,368,464	\$ 13,841,915	\$ 101,087	\$	\$ 69,162	\$	\$ (425,462)
<b>General revenues:</b>							
Property taxes					\$	\$ 157,837	\$ 157,837
Payment in lieu of taxes						115,816	115,816
Mineral lease revenue					\$ 228,816	825,531	1,054,367
Grants and contributions not restricted to specific programs						38,515	38,515
Investment earnings					14,715	62,923	77,638
Miscellaneous						15,236	15,236
Total general revenues					\$ 243,531	\$ 1,215,878	\$ 1,459,409
Change in net assets					\$ 312,693	\$ 721,254	\$ 1,033,947
Net assets - beginning					5,246,366	4,482,966	9,729,332
Net assets - ending					\$ 5,559,059	\$ 5,204,220	\$ 10,763,279

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Grand County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, (as amended by GASB Statement 37) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

**A. Reporting Entity**

Grand County, Utah (the County) operates under a seven-member County Council form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, street lighting, traffic engineering, highways, planning and zoning, animal services and justice courts.

The accompanying financial statements include the County, which is a political subdivision with corporate powers created under Utah State law, and all of its component units, collectively referred to as the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

**Blended Component Units** – These component units function for all practical purposes, as an integral part of Grand County despite their separate legal status.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Municipal Building Authority** – The Municipal Building Authority of Grand County was created by the County Council as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Council and may be removed or replaced at any time by its discretion.

**Thompson Springs Special Service Fire District** – Thompson Springs Special Service Fire District was created for the purpose of providing fire protection to the Thompson area. The County Council is the governing board.

**Discrete Component Units** - These component units are entities, which are legally separate from the County, but are financially accountable to the County whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units, column of the government-wide financial statements include that financial data of these entities.

**Thompson Special Service District** – The District was created for the purpose of providing, water services to residents of the District's service area. The District operates under a board of trustee form of government. The Board's authority is derived from the Grand County Council, who has ultimate responsibility for the District. Separate financial statements may be obtained from Thompson Special Service District's administrative office in Thompson, Utah.

**Grand County Special Service Water District** - The District was created for the purpose of providing, within the area of a special service district, supply, treatment, and distribution of water. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

**Canyonlands Health Care Special Service District** - The Canyonlands Health Care Special Service District was established by the governing authority of the County, upon its own motion, for the benefit of the public health, convenience, and necessity of providing health care services. The County appoints the governing board of the Hospital. The Hospital's financial statements were audited and issued under a separate cover. Separate financial statements may be obtained from Canyonlands Health Care Special Service District's administrative office in Moab, Utah.

**Grand County Recreation Special Service District** – The District was created as a body politic and corporate, for the purpose of providing, within the area of the service district, recreation services. The County appoints the governing board of the District. The District's financial statements were audited and its report was issued under a separate cover. Separate financial statements may be obtained from Grand County Recreation Special Service District's administrative offices in Moab, Utah.

**Solid Waste Management Special Service District** - The District was created as a body politic and corporate, for the purpose of providing sanitation services to the residents within the service district. The County appoints the governing board of the District. The District was audited and its report has been issued under a separate cover. Separate financial statements may be obtained from Solid Waste Management Special Service District's administrative offices in Moab, Utah.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Related Organizations**

Grand County Water Conservancy District - The Water Conservancy District was created for the greatest beneficial use of water within the County. Water conservancy districts are created under the "Water Conservancy Act". The County appoints the directors of the District. The District's financial statements have been audited and issued under a separate cover.

Spanish Valley Water and Sewer Improvement District - The District was created for the purpose of supplying, treating, and distributing water and the collection, treatment and distribution of sewage. The County appoints the directors of the District. The District's financial statements were audited and issued under a separate cover.

Grand Water and Sewer Service Agency - The Agency was created for the purpose of central management of other similar districts. The County appoints the governing board. The Agency's financial statements were audited and issued under a separate cover.

Moab Mosquito Abatement District - The Moab Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District's financial statements were compiled and issued under a separate cover.

Elgin Mosquito Abatement District - The Elgin Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District was audited, or had financial statements compiled or reviewed by others, and issued under a separate cover.

Grand County Cemetery District - The District was created for the purpose of maintaining cemeteries within the area of the service district. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds. The internal service fund is reported in a single column on the proprietary fund financial statements.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- Library Capital Projects Fund – The Library Capital Projects Fund is used to account for revenues and expenditures used for the construction of a new library.
- “B” Road Fund – The “B” Road Fund is used to account for the revenues and expenditures used for repair, maintains and improvement of roads which are classified as B roads within the County boundaries.

The County’s non-major governmental funds include other special revenue funds, capital project funds and debt service funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital project funds accounts for resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are derived principally from proceeds of debt instruments and operating transfers from the County’s General Fund.

**Proprietary Fund Financial Statements** – Proprietary funds include enterprise funds and internal service funds. Internal Service funds are used to account for the goods and services provided by one fund to other funds of the County, rather than to the general public. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The County reports the following major proprietary fund:

- Municipal Building Authority – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.

The County’s non-major proprietary funds include the Sandflat Fund. The Sandflat Fund accounts for resources collected and used in the operation of the slick rock bike trails.

**Internal Service Fund** – The Internal Service Fund account for the resources used to pay health insurance premium for the County. The Internal Service Fund is reported on the proprietary fund statements. In the government-wide financial statement, the internal service fund is included with governmental activities since most of the services provided by the internal service fund are for governmental purposes.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Fiduciary Fund Financial Statements** – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The County only has one type of fiduciary fund

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer's Tax Collection and Miscellaneous funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Private-Sector Standards of Accounting and Financial Reporting** – The County generally applies to both the government-wide and proprietary fund statements all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

**Interfund Transactions** – Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as "internal balances" and offset each other to result in a zero balance in the total column.

**Program Revenues/Operating Revenues and Expenses From Non-Operating Items** – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the County Council a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The County Council discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The County Council can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

Statements of cash flow are presented for proprietary funds under the direct method.

F. **Inventories**

Allen Memorial Hospital, a component unit of Canyonlands Health Care Special Service District, values its inventories at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. **Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, comp-time and sick pay benefits. An estimate of sick leave liability, comp-time and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$352,408 and for proprietary funds total \$6,834.

H. **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. **Capital Assets**

Capital assets include land, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and work-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-20 years
Equipment	5-10 years
Infrastructure	40-50 years

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into these categories, investment in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

<b>Primary Government Governmental activities:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Land	\$ 2,381,355		\$ 42,126	\$ 2,339,229
Rights of Way	4,863,194			4,863,194
Work in progress	103,284	\$ 1,038,965	41,599	1,100,650
Total capital assets not being depreciated	\$ 7,347,833	\$ 1,038,965	\$ 83,725	\$ 8,303,073
Capital assets being depreciated:				
Buildings	\$ 7,354,155	\$ 206,589		\$ 7,560,744
Improvements other than buildings	5,795,047	651,830		6,446,877
Machinery and equipment	6,050,763	172,719	\$ 151,458	6,072,024
Infrastructure	103,016,468			103,016,468
Total capital assets being depreciated	\$ 122,216,433	\$ 1,031,138	\$ 151,458	\$ 123,096,113
Less accumulated depreciation for:				
Buildings	\$ 2,138,894	\$ 194,851		\$ 2,333,745
Improvements other than buildings	1,245,697	307,704		1,553,401
Machinery and equipment	4,303,284	510,857	\$ 151,458	4,662,683
Infrastructure	53,444,964	2,014,813		55,459,777
Total accumulated depreciation	\$ 61,132,839	\$ 3,028,225	\$ 151,458	\$ 64,009,606
Total capital assets, being depreciated, net	\$ 61,083,594	\$(1,997,087)	\$ ...	\$ 59,086,507
Governmental activities capital assets, net	\$ 68,431,427	\$ (958,122)	\$ 83,725	\$ 67,389,580

## 2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 813,515			\$ 813,515
Work in progress	400,126		\$ 400,126	
<b>Total capital assets not being depreciated</b>	<b>\$ 1,213,641</b>	<b>\$ ...</b>	<b>\$ 400,126</b>	<b>\$ 813,515</b>
Capital assets being depreciated:				
Buildings	\$ 1,462,973	\$ 2,467,648		\$ 3,930,621
Improvements other than buildings	99,963			99,963
Machinery and equipment	58,477	19,056		77,533
<b>Total capital assets being depreciated</b>	<b>\$ 1,621,413</b>	<b>\$ 2,486,704</b>	<b>\$ ...</b>	<b>\$ 4,108,117</b>
Less accumulated depreciation for:				
Buildings	\$ 206,714	\$ 66,803		\$ 273,517
Improvements other than buildings	42,519	4,998		47,517
Machinery and equipment	31,575	9,185		40,760
<b>Total accumulated depreciation</b>	<b>\$ 280,808</b>	<b>\$ 80,986</b>	<b>\$ ...</b>	<b>\$ 361,794</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 1,340,605</b>	<b>\$ 2,405,718</b>	<b>\$ ...</b>	<b>\$ 3,746,323</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 2,554,246</b>	<b>\$ 2,405,718</b>	<b>\$ 400,126</b>	<b>\$ 4,559,838</b>
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 158,143	
Public safety			260,532	
Highways and public improvements			2,232,388	
Public health			21,573	
Parks and recreation			354,782	
Conservation and economic development			807	
<b>Total depreciation expense - governmental activities</b>			<b>\$ 3,028,225</b>	
Business-type activities:				
Sandflats			\$ 13,314	
Municipal building authority			67,672	
<b>Total depreciation expense - Business-Type Activities</b>			<b>\$ 80,986</b>	
<b>Total depreciation expense</b>			<b>\$ 3,109,211</b>	

### 3. LONG-TERM DEBT

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 221,000	\$ 142,780	\$ 363,780	\$ 182,300	\$ 64,063	\$ 246,363
2007	227,000	136,640	363,640	187,000	59,960	246,960
2008	233,000	130,330	363,330	190,000	55,720	245,720
2009	239,000	123,855	362,855	196,000	51,395	247,395
2010	246,000	117,210	363,210	199,000	46,900	245,900
2011-2015	1,339,000	479,385	1,818,385	826,000	175,310	1,001,310
2016-2020	1,537,000	282,205	1,819,205	534,000	107,400	641,400
2021-2025	1,134,000	74,450	1,208,450	375,000	76,025	451,025
2026-2030				378,000	49,675	427,675
2031-2035				408,000	19,675	427,675
	<u>\$ 5,176,000</u>	<u>\$ 1,486,855</u>	<u>\$ 6,662,855</u>	<u>\$ 3,475,300</u>	<u>\$ 706,123</u>	<u>\$ 4,181,423</u>

**Revenue and General Obligation Bonds** – Revenue and General Obligation Bonds payable at December 31, 2005, with their outstanding balances, are comprised of the following individual issues:

#### Governmental Activities:

General Obligation Bond, Series 1992 in the amount of \$3,200,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$166,220 to \$167,200. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 2,196,000

General Obligation Bonds, Series 1992 in the amount of \$700,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$20,252 to \$37,000. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 480,000

General Obligation Bonds, Series 2004 in the amount of \$2,500,000, issued on August 3, 2004. Annual principal and interest payments are due each April 1, and range from \$159,975 to \$160,925. The County entered into this agreement for the purpose of financing the cost of constructing a new Library building. The loan bears interest in the amount of 2.50 percent. \$ 2,500,000

3. **LONG TERM DEBT (Continued)**

**Business-type Activities:**

Community Visitor Center, Series 1991 Revenue Bonds in the amount of \$819,000, issued on October 4, 1991. Annual principal and interest payments are due each December 1, and range from \$57,165 to \$58,135. The County entered into this agreement for the purpose of financing the cost of constructing a new Moab Information Center. The loan bears interest in the amount of 3.50 percent.

\$ 308,000

Lease Revenue Bond Series 1998, due in annual installments from \$25,100 to \$26,100, beginning July 1, 2000 and maturing July 1, 2019. The bond has an annual interest rate of 2.50 percent. The purpose of the bond is to make improvements to the Visitors Information Center at the Grand County Airport.

\$ 300,000

Taxable Lease Revenue Bond Series 2002, due in annual installments of \$7,000, beginning August 1, 2004 and maturing August 1, 2023. The bond is a zero percent interest bond. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District.

\$ 136,000

Taxable Lease Revenue Bond Series 2004A, due in annual installments of \$30,000, beginning January 1, 2006 and maturing January 1, 2035. The bond is a zero percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements.

\$ 900,000

Lease Revenue Bond Series 2004B, annual principal and interest payments are due each January 1, and range from \$54,825 to \$56,175, beginning January 1, 2006 and maturing January 1, 2035. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements.

\$ 1,162,300

Lease Revenue Bond Series 2004, Annual principal and interest payments are due each April 1, and range from \$69,700 to \$70,675, beginning April 1, 2005 and maturing April 1, 2016. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety storage and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County.

\$ 669,000

3. **LONG TERM DEBT (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 5,295,000		\$ 119,000	\$ 5,176,000	\$ 221,000
Capital Leases	137,387	\$ 92,743	83,693	146,437	83,478
Compensated Absences	338,762	13,645		352,407	
<hr/>					
Governmental activity long-term liabilities	\$ 5,771,149	\$ 106,388	\$ 202,693	\$ 5,674,844	\$ 304,478
<hr/>					
<b>Business-type activities:</b>					
<b>Bonds payable:</b>					
Revenue bonds	\$ 3,597,293		\$ 121,993	\$ 3,475,300	\$ 182,300
Capital Leases	21,518		9,617	11,901	10,155
Compensated Absences	7,074		240	6,834	
<hr/>					
Business-type activity long-term liabilities	\$ 3,625,885	\$ ...	\$ 131,850	\$ 3,494,035	\$ 192,455
<hr/>					



### 3. LONG-TERM DEBT (Continued)

#### Component Units

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 549,300		\$ 15,600	\$ 533,700	\$ 16,100
Notes payable	74,540		1,834	72,706	1,942
Business-type activity long-term liabilities	\$ 623,840	\$ ...	\$ 17,434	\$ 606,406	\$ 18,042
<b>Governmental activities:</b>					
G.O. bonds payable	\$ 1,142,500		\$ 109,228	\$ 1,033,272	\$ 114,511
Revenue bonds payable	289,000		74,000	215,000	28,000
Notes payable	1,221,502		460,903	760,599	214,387
Capital leases	364,917	\$ 289,458	148,025	506,350	209,018
Governmental activity long-term liabilities	\$ 3,017,919	\$ 289,458	\$ 792,156	\$ 2,515,221	\$ 565,916

#### Change in Long-Term Debt Beginning Balances

The revenue bonds and note payable of the business-type activities, beginning balances of the County's component units is \$74,540 more than the prior year's ending balance. The change is due to the County adding Thompson Special Service District as a component unit and the difference is the amount of the District's debt at December 31, 2004.

#### Governmental Activity Debt

On April 14, 1992, the Grand County Council issued General Obligation Bonds Series 1992 in the principal amount of \$3,200,000 together with interest at the rate of 3% per annum. The bonds begin accruing interest on the unpaid balance of the principal on April 1, 1992 with an interest only payment due on April 1, 1993. The interest and principal become payable beginning on April 1, 1994 and mature on April 1, 2022. The purpose for issuing the bonds was to construct a new Court House building. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2006	\$ 101,000	\$ 65,880	\$ 166,880
April 1, 2007	104,000	62,850	166,850
April 1, 2008	107,000	59,730	166,730
April 1, 2009	110,000	56,520	166,520
April 1, 2010	113,000	53,220	166,220
April 1, 2011	117,000	49,830	166,830
April 1, 2012	120,000	46,320	166,320
April 1, 2013	124,000	42,720	166,720
April 1, 2014	128,000	39,000	167,000
April 1, 2015	132,000	35,160	167,160
April 1, 2016	136,000	31,200	167,200
April 1, 2017	140,000	27,120	167,120
April 1, 2018	144,000	22,920	166,920
April 1, 2019	148,000	18,600	166,600
April 1, 2020	153,000	14,160	167,160
April 1, 2021	157,000	9,570	166,570
April 1, 2022	162,000	4,860	166,860
Total	<u>\$ 2,196,000</u>	<u>\$ 639,660</u>	<u>\$ 2,835,660</u>

On April 14, 1992, the Grand County Council issued General Obligation Bonds, Series 1992 in the principal amount of \$700,000 together with interest at 3.00% per annum. The bonds begin accruing interest on the unpaid balance of principal on April 14, 1992 with an interest only payment due on April 14, 1992. The interest and principal become payable on April 14, 1994 and mature on April 14, 2022. The purpose for issuing the bonds is to help construct a new Court House building. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2006	\$ 22,000	\$ 14,400	\$ 36,400
April 1, 2007	23,000	13,740	36,740
April 1, 2008	23,000	13,050	36,050
April 1, 2009	24,000	12,360	36,360
April 1, 2010	25,000	11,640	36,640
April 1, 2011	26,000	10,890	36,890
April 1, 2012	26,000	10,110	36,110
April 1, 2013	27,000	9,330	36,330
April 1, 2014	28,000	8,520	36,520
April 1, 2015	29,000	7,680	36,680
April 1, 2016	30,000	6,810	36,810
April 1, 2017	31,000	5,910	36,910
April 1, 2018	32,000	4,980	36,980
April 1, 2019	32,000	4,020	36,020
April 1, 2020	33,000	3,060	36,060
April 1, 2021	34,000	2,070	36,070
April 1, 2022	35,000	1,050	36,050
Total	<u>\$ 480,000</u>	<u>\$ 139,620</u>	<u>\$ 619,620</u>

In 2004, the Grand County Council issued General Obligation Bonds, Series 2004 in the principal amount of \$2,500,000 together with interest at 2.50% per annum. The bonds begin accruing interest on the unpaid balance of principal on April 1, 2005. Annual principal and interest payments begin April 1, 2006 and continue through April 1, 2025. The purpose for issuing the bonds is to finance the cost of constructing a new Library building. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2006	\$ 98,000	\$ 62,500	\$ 160,500
April 1, 2007	100,000	60,050	160,050
April 1, 2008	103,000	57,550	160,550
April 1, 2009	105,000	54,975	159,975
April 1, 2010	108,000	52,350	160,350
April 1, 2011	111,000	49,650	160,650
April 1, 2012	114,000	46,875	160,875
April 1, 2013	116,000	44,025	160,025
April 1, 2014	119,000	41,125	160,125
April 1, 2015	122,000	38,150	160,150
April 1, 2016	125,000	35,100	160,100
April 1, 2017	128,000	31,975	159,975
April 1, 2018	132,000	28,775	160,775
April 1, 2019	135,000	25,475	160,475
April 1, 2020	138,000	22,100	160,100
April 1, 2021	142,000	18,650	160,650
April 1, 2022	145,000	15,100	160,100
April 1, 2023	149,000	11,475	160,475
April 1, 2024	153,000	7,750	160,750
April 1, 2025	157,000	3,925	160,925
Total	<u>\$2,500,000</u>	<u>\$ 707,575</u>	<u>\$3,207,575</u>

**Proprietary Debt**

On October 4, 1991, the Grand County Council issued Utah Visitor Information Series 1991 revenue bonds, in the amount of \$819,000 together with interest at a rate of 3.5% per annum. The bonds begin accruing interest on the unpaid principal balance on October 4, 1991 with an interest only payment due December 1, 1991. The interest and principal become payable beginning on December 1, 1992 and mature on December 1, 2011. The purpose for issuing the bonds is to construct a new Moab Information Center. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2006	\$ 47,000	\$ 10,780	\$ 57,780
December 1, 2007	49,000	9,135	58,135
December 1, 2008	50,000	7,420	57,420
December 1, 2009	52,000	5,670	57,670
December 1, 2010	54,000	3,850	57,850
December 1, 2011	56,000	1,960	57,960
	<u>\$ 308,000</u>	<u>\$ 38,815</u>	<u>\$ 346,815</u>

On October 9, 1998, the Grand County Council issued Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 in the principal amount of \$400,000 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on July 1, 1999 with an interest and principal payment due on July 1, 2000. The bonds mature at July 1, 2019. Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 were issued for the purpose of making improvements to the Visitor Information Center at the Grand County Airport. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2006	\$ 18,000	\$ 7,500	\$ 25,500
July 1, 2007	19,000	7,050	26,050
July 1, 2008	19,000	6,575	25,575
July 1, 2009	20,000	6,100	26,100
July 1, 2010	20,000	5,600	25,600
July 1, 2011	20,000	5,100	25,100
July 1, 2012	21,000	4,600	25,600
July 1, 2013	22,000	4,075	26,075
July 1, 2014	22,000	3,525	25,525
July 1, 2015	23,000	2,975	25,975
July 1, 2016	23,000	2,400	25,400
July 1, 2017	24,000	1,825	25,825
July 1, 2018	24,000	1,225	25,225
July 1, 2019	25,000	625	25,625
	<u>\$ 300,000</u>	<u>\$ 59,175</u>	<u>\$ 359,175</u>

3. **LONG-TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

On January 8, 2002, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2002 in the principal amount of \$150,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$7,000 will become due August 1, 2004 with the bond maturing on August 1, 2023. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
August 1, 2006	\$ 7,000
August 1, 2007	7,000
August 1, 2008	7,000
August 1, 2009	7,000
August 1, 2010	7,000
August 1, 2011	7,000
August 1, 2012	7,000
August 1, 2013	7,000
August 1, 2014	8,000
August 1, 2015	8,000
August 1, 2016	8,000
August 1, 2017	8,000
August 1, 2018	8,000
August 1, 2019	8,000
August 1, 2020	8,000
August 1, 2021	8,000
August 1, 2022	8,000
August 1, 2023	8,000
Total	<u>\$ 136,000</u>

In 2004, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2004A in the principal amount of \$900,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$30,000 will become due January 1, 2006 with the bond maturing on January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
January 1, 2006	\$ 30,000
January 1, 2007	30,000
January 1, 2008	30,000
January 1, 2009	30,000
January 1, 2010	30,000
January 1, 2011	30,000
January 1, 2012	30,000
January 1, 2013	30,000
January 1, 2014	30,000
January 1, 2015	30,000
January 1, 2016	30,000
January 1, 2017	30,000
January 1, 2018	30,000
January 1, 2019	30,000
January 1, 2020	30,000
January 1, 2021	30,000
January 1, 2022	30,000
January 1, 2023	30,000
January 1, 2024	30,000
January 1, 2025	30,000
January 1, 2026	30,000
January 1, 2027	30,000
January 1, 2028	30,000
January 1, 2029	30,000
January 1, 2030	30,000
January 1, 2031	30,000
January 1, 2032	30,000
January 1, 2033	30,000
January 1, 2034	30,000
January 1, 2035	30,000
	<u>\$ 900,000</u>

3. **LONG-TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

In 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004B in the principal amount of \$1,162,300 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on January 1, 2005 with an interest and principal payment due on January 1, 2006. The bonds mature at January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1, 2006	\$ 26,300	\$ 29,058	\$ 55,358
January 1, 2007	27,000	28,400	55,400
January 1, 2008	28,000	27,725	55,725
January 1, 2009	29,000	27,025	56,025
January 1, 2010	29,000	26,300	55,300
January 1, 2011	30,000	25,575	55,575
January 1, 2012	30,000	24,825	54,825
January 1, 2013	31,000	24,075	55,075
January 1, 2014	32,000	23,300	55,300
January 1, 2015	33,000	22,500	55,500
January 1, 2016	34,000	21,675	55,675
January 1, 2017	35,000	20,825	55,825
January 1, 2018	36,000	19,950	55,950
January 1, 2019	37,000	19,050	56,050
January 1, 2020	38,000	18,125	56,125
January 1, 2021	39,000	17,175	56,175
January 1, 2022	39,000	16,200	55,200
January 1, 2023	40,000	15,225	55,225
January 1, 2024	41,000	14,225	55,225
January 1, 2025	42,000	13,200	55,200
January 1, 2026	43,000	12,150	55,150
January 1, 2027	44,000	11,075	55,075
January 1, 2028	46,000	9,975	55,975
January 1, 2029	47,000	8,825	55,825
January 1, 2030	48,000	7,650	55,650
January 1, 2031	49,000	6,450	55,450
January 1, 2032	50,000	5,225	55,225
January 1, 2033	52,000	3,975	55,975
January 1, 2034	53,000	2,675	55,675
January 1, 2035	54,000	1,350	55,350
Total	<u>\$1,162,300</u>	<u>\$ 503,783</u>	<u>\$1,666,083</u>



3. **LONG-TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

On April 20, 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004 in the principal amount of \$720,993 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on April 20, 2004 with an interest and principal payment due on April 1, 2005 and continuing every April 1<sup>st</sup> until April 1, 2016, the date the bonds mature. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2006	\$ 54,000	\$ 16,725	\$ 70,725
April 1, 2007	55,000	15,375	70,375
April 1, 2008	56,000	14,000	70,000
April 1, 2009	58,000	12,600	70,600
April 1, 2010	59,000	11,150	70,150
April 1, 2011	61,000	9,675	70,675
April 1, 2012	62,000	8,150	70,150
April 1, 2013	64,000	6,600	70,600
April 1, 2014	65,000	5,000	70,000
April 1, 2015	67,000	3,375	70,375
April 1, 2016	68,000	1,700	69,700
	<u>\$ 669,000</u>	<u>\$ 104,350</u>	<u>\$ 773,350</u>

4. **CAPITAL LEASES**

**Primary Government**

Grand County has entered into a lease agreement as a lessee for financing the acquisition of two Ford trucks for the Sandflat fund, an enterprise fund. The County has also entered into lease agreements for the purchase of vehicles for the police department, streets department and other County functions. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 322,220	\$ 37,719
Less: Accumulated Depreciation	<u>(96,618)</u>	<u>(18,891)</u>
Net assets	<u>\$ 225,602</u>	<u>\$ 18,828</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006	\$ 88,413	\$ 10,552
2007	33,261	1,758
2008	<u>33,261</u>	
Total minimum lease payments	\$ 154,935	\$ 12,310
Less: amount representing interest	<u>(8,499)</u>	<u>(409)</u>
Present value of minimum lease payments	<u>\$ 146,436</u>	<u>\$ 11,901</u>

4. **CAPITAL LEASES (Continued)**

**Component Units**

Capital lease obligations, at varying rates of imputed interest from 1.2% to 17.92% collateralized by leased equipment, due from March 2004 through March 2008. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 were as follows:

<u>Year Ending</u> <u>December 31,</u>	
2006	\$ 209,018
2007	169,312
2008	80,228
2009	73,131
2010	<u>48,754</u>
Total minimum lease payments	\$ 580,443
Amount representing interest	<u>(74,093)</u>
Present value of minimum lease payments	\$ 506,350
Amount due within one year	<u>(209,018)</u>
Amount due after one year	<u>\$ 297,332</u>

5. **DEPOSITS AND INVESTMENTS**

Deposits and investing for the County and its blended component units are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The County follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Deposits**

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and investments. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

**5. DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. At December 31, 2005, the County's bank balance of cash on deposit was \$38,197 of this amount \$38,197 was insured.

At December 31, 2005, the bank balance of cash on deposit for the discrete component units was \$500,228 of this amount \$439,063 was insured. The remaining deposits of \$61,165 were uninsured and uncollateralized.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the County and its component units and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County and its component units to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, and Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

5. **DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2005, the County had the following investments and maturities:

Investment Type	Carrying Amount and Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
Primary government:					
Debt securities					
Repurchase Agreements	\$ 1,155,273	\$ 1,155,273			
		\$ 1,155,273	\$ ...	\$ ...	\$ ...
Other Investments					
Investments in Utah Public					
Treasurer's Investment Pool	4,468,636				
Total Investments, primary government	\$ 5,623,909				
Component units:					
Other Investments					
Investments in Utah Public					
Treasurer's Investment Pool	\$ 2,497,520				
Total Investments, component units	\$ 2,497,520				

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages this risk in part by investing in the Utah Public Treasurers Investment Fund. The County also manages its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

5. **DEPOSITS AND INVESTMENTS (Continued)**

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and its component unit have not adopted a formal policy with regards to credit risk on investments but the County and its component units informally follows the policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2005, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Primary government:					
<u>Debt Securities</u>					
Repurchase agreements	\$ 1,155,273				\$ 1,155,273
<u>Other Investments</u>					
Investments in Utah Public					
Treasurer's Investment Pool	4,468,636				4,468,636
Total, primary government	<u>\$ 5,623,909</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ 5,623,909</u>
Component units:					
<u>Other Investments</u>					
Investments in Utah Public					
Treasurer's Investment Pool	<u>\$ 2,497,520</u>				<u>\$ 2,497,520</u>
Total, component units	<u>2,497,520</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>2,497,520</u>

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County informal policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. No more than 5% of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5% of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

5. **DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. As of December 31, 2005, the County had \$4,468,636 invested in the Public Treasurer's Investment Fund and was held by them.

The County's investments at December 31, 2005 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$1,155,273 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

6. **PENSION PLANS**

Grand County contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Public Safety Contributory and Public Safety Noncontributory Retirement Systems, for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.0% of their annual covered salary (some of which may be paid by the County) and Grand County is required to contribute 7.08% of their annual covered salary for the period January 2005 through June 2005. From July 2005 through December 2005, plan members are required to contribute 6.0% of their covered salary and Grand County is required to contribute 7.08%. In the Local Noncontributory Retirement System, Grand County is required to contribute 11.09% of its annual covered salary from January 2005 through June 2005 and 11.09% from July 2005 through December 2005. In the Public Safety Contributory Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their covered salary and Grand County is required to contribute 7.70% of covered salaries during the period from January 2005 through June 2005 and 7.95% during the period July 2005 through December 2005. In the Public Safety Noncontributory Retirement System, Grand County is required to contribute 19.08% of covered salaries for the period January 2005 through June 2005 and 19.34% of covered salaries for the period July 2005 through December 2005. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

6. **PENSION PLANS (Continued)**

Grand County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$25,338, \$24,457 and \$24,719 respectively and for the Noncontributory Retirement System, the contributions for December 31, 2005, 2004 and 2003 were \$250,293, \$230,783 and \$197,995 respectively. For the Public Safety Contributory Retirement System for December 31, 2005, 2004 and 2003 contributions were \$7,313, \$6,489 and \$5,352 respectively and for the Public Safety Noncontributory Retirement System for December 2005, 2004 and 2003 contributions were \$105,563, \$88,050 and \$78,130 respectively. The contributions were equal to the required contributions for each year.

The County also sponsors a defined contribution retirement plan under Internal revenue Code 401(k), which is administered by the Utah State Retirement Systems (Systems). The Plan covers all county employees who participate in the Systems and Utah Public Safety Retirement Systems Contributory and Noncontributory retirement plans. Participants are fully vested in employer and employee contributions. The County's contributions for 2005 were \$78,511. Participants may make tax deferred contributions through a salary reduction agreement up to a maximum of \$14,000. The participants' contributions for the year ended December 31, 2005 totaled \$92,738.

7. **CONTINGENT LIABILITIES**

Litigation

Grand County has several pending lawsuits pending at December 31, 2005. The outcome and liability of the lawsuit are undeterminable. The County has taken the position to contest the suits.

Closure and Post-Closure Cost Landfills

Grand County entered into agreements with the Solid Waste Management Special Service District #1 and the City of Moab in which the County agreed to guarantee the performance of closure and post-closure care of the Klondike and Moab Landfills. Should the escrow moneys set aside by the District not cover all costs associated with the closure and post-closure of the landfills, Grand County would be liable for one half of the uncovered costs. As of December 31, 2005, Grand County's share of closure and post-closure costs was estimated to be \$156,293.

The estimated remaining landfill life in the Klondike Landfill and Moab Landfill is 60 years and 20 years, respectfully.

8. **PROPERTY TAX CALENDAR**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The County Assessor assesses the final tax on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.



9. **BUDGET VARIANCE**

During the year ended December 31, 2005, the County had unfavorable variances when comparing their budget to actual expenditures as follows:

General Fund –  
Jail  
Building Inspector  
Spanish Trail Arena

10. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

11. **DEFERRED COMPENSATION PLANS**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plan are administered by the Utah Retirement Systems (URS). All of the assets and income of the 457 Plan are held in pooled investment fund trusts by the URS for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. The County follows Government Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which says if the plans are separately administered the County is not required to report the assets. Since the URS is the fiduciary of these assets, the County is not required to report the assets.

The plan is included in a publicly available financial report that includes financial statements and required supplementary information. A copy of the URS report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

12. **RECEIVABLES**

Allen Memorial Hospital, a component unit of Canyonlands Health Care Special Service District, has receivables from its patients, substantially all of who are residents from the area served by the Hospital. At December 31, 2005, gross receivables totaled \$5,437,004. An allowance for doubtful accounts is established by charges to operations for amounts required to maintain an adequate allowance, as determined by management, to cover anticipated losses. Individual accounts receivable are charged to the allowance when collection appears doubtful. The allowance was \$1,916,896 at December 31, 2005. At such time, the accounts are referred to collection agencies.

13. **DEFICIT FUND BALANCE**

Grand County has over expended the funds available in the following fund:

Drug Court Grant Fund

14. **RESTRICTED CASH AND INVESTMENTS**

Restricted cash and investments are those whose use is limited by legal requirements. The restricted cash of \$38,197 represents funds held by the Grand County Ambulance Fund. Restricted investments of \$129,826 represents amounts that are required by debt covenants to be segregated for final year debt payments and accrued interest on bonds. Investments of \$1,973,834 are restricted for the construction of the new library.

# 15. RECONCILIATION OF INTERFUND TRANSFERS

The following table provides a reconciliation of all interfund transfers:

Transfer In:															
	General	Economic Develop- ment	R.S.V.P.	"B" Road	Domestic Violence	Grants Fund	Atlas Tailings Fund	Designated Funds	Thompson Fire District	Municipal Building Authority	Airport Capital Project	Travel Council	TRT Brick & Mortar	Library Capital Projects	Total
Transfer Out:															
General		\$ 25,000	\$ 15,000	\$ 11,500	\$ 23,000	\$ 316,173	\$ 200,000		\$ 6,360						\$ 597,033
Restaurant and Car Tax	\$ 121,000							\$ 5,000	8,000	\$ 30,328	\$ 18,000	\$ 50,000			232,328
Travel Council		24,500											\$ 337,257		361,757
TRT Brick & Mortar	250,000									59,498					309,498
Sandflat	25,000														25,000
Grants Fund							7,995	2,068							10,063
Emergency Medical Svc	64,958									69,417					134,375
Library														\$ 140,600	140,600
Senior Center Project								15,382							15,382
Alcohol & Drug Rehab								29,431							29,431
Star Hall Legacy								18,277							18,277
G.C. Air Affair								2,370							2,370
USU Postage								305							305
Poster Sales								6,608							6,608
Potash Boat Ramp								246							246
Centennial Committee								3,116							3,116
4th of July Celebration								4,585							4,585
Local Court Surcharge								2,573							2,573
Logistic Solutions								9,109							9,109
Court Services Mag.								(336)							(336)
	\$ 460,958	\$ 49,500	\$ 15,000	\$ 11,500	\$ 23,000	\$ 316,173	\$ 207,995	\$ 98,734	\$ 14,360	\$ 159,243	\$ 18,000	\$ 50,000	\$ 337,257	\$ 140,600	\$ 1,902,320

**GRAND COUNTY**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	SPECIAL REVENUE FUNDS									
	ATLAS TAILINGS FUND	THOMPSON FIRE	DESIGNATED FUND	GRANT FUND	TRAVEL COUNCIL	ECONOMIC DEVELOP- MENT	STRIKE FUND	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE
ASSETS										
Cash and investments	\$ 195,487	\$ (4,363)	\$ 172,159	\$ 434,901	\$ 324,229	\$ 32,181	\$ 7,646	\$ 43,714	\$ 4,146	\$ 530,331
Restricted cash										
Prepaid expense				11	47					
Accounts receivable					90,632				2,005	
Taxes receivable					1,484	13			9	
Other receivables										
Due from other governments		11,774	5,850	113,827						
Total assets	\$ 195,487	\$ 7,411	\$ 178,009	\$ 548,739	\$ 416,392	\$ 32,194	\$ 7,646	\$ 43,714	\$ 6,160	\$ 530,331
LIABILITIES AND FUND BALANCES										
Liabilities:										
Cash deficit	\$ 11,046	\$ 1,429	\$ 111	\$ 42,681	\$ 12,769	\$ 891		\$ 197		
Accounts payable			115	1,274	6,189	2,120			\$ 1,167	
Accrued liabilities										
Total liabilities	\$ 11,046	\$ 1,429	\$ 226	\$ 43,955	\$ 18,958	\$ 3,011	\$ ....	\$ 197	\$ 1,167	\$ ....
Fund balances:										
Reserved			\$ 177,783	\$ 504,784						
Unreserved, reported in:										
Special revenue funds	\$ 184,441	\$ 5,982			\$ 397,434	\$ 29,183	\$ 7,646	\$ 43,517	\$ 4,993	\$ 530,331
Total fund balances	\$ 184,441	\$ 5,982	\$ 177,783	\$ 504,784	\$ 397,434	\$ 29,183	\$ 7,646	\$ 43,517	\$ 4,993	\$ 530,331
Total liabilities and fund balance	\$ 195,487	\$ 7,411	\$ 178,009	\$ 548,739	\$ 416,392	\$ 32,194	\$ 7,646	\$ 43,714	\$ 6,160	\$ 530,331

GRAND COUNTY  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS			DEBT SERVICE		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	911 EMERGENCY SERVICE	DRUG COURT GRANT	TRT CAPITAL PROJECT	AIRPORT CAPITAL PROJECT	LIBRARY DEBT SERVICE	COURTHOUSE DEBT SERVICE	
Cash and investments	\$ 48,153	\$ 8,984	\$ 67,112		\$ 30,473		\$ 77,745		\$ 75,000	\$ 280,590	\$ 2,328,488
Restricted cash	38,197										38,197
Prepaid expense	59	10	57	15							199
Accounts receivable											2,005
Taxes receivable			178,490						87,852	101,612	458,586
Other receivables											1,506
Due from other governments	2,010	12,636		61,546		\$ 11,231		\$ 213,781			432,655
Total assets	\$ 88,419	\$ 21,630	\$ 245,659	\$ 61,561	\$ 30,473	\$ 11,231	\$ 77,745	\$ 213,781	\$ 162,852	\$ 382,202	\$ 3,261,636
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Cash deficit	\$ 2,738	\$ 425	\$ 7,440	\$ 40,896		\$ 1,850		\$ 120,847			\$ 163,593
Accounts payable	5,600	1,647	7,481	722	\$ 3,700	8,672		43,783			136,604
Accrued liabilities				2,308		1,434					29,335
Total liabilities	\$ 8,338	\$ 2,072	\$ 14,921	\$ 43,926	\$ 3,700	\$ 11,956	\$	\$ 164,630	\$	\$	\$ 329,532
<b>Fund balances:</b>											
Reserved											
Unreserved, reported in:											
Special revenue funds	\$ 80,081	\$ 19,558	\$ 230,738	\$ 17,635	\$ 26,773	\$ (725)	\$ 77,745	\$ 49,151	\$ 162,852	\$ 382,202	\$ 1,354,517
Total fund balances	\$ 80,081	\$ 19,558	\$ 230,738	\$ 17,635	\$ 26,773	\$ (725)	\$ 77,745	\$ 49,151	\$ 162,852	\$ 382,202	\$ 1,354,517
Total liabilities and fund balance	\$ 88,419	\$ 21,630	\$ 245,659	\$ 61,561	\$ 30,473	\$ 11,231	\$ 77,745	\$ 213,781	\$ 162,852	\$ 382,202	\$ 3,261,636

**GRAND COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

SPECIAL REVENUE FUNDS

	SENIOR CENTER PROJECT	ALCOHOL AND DRUG REHAB	STAR HILL LEGACY	G.C. AIR AFFAIR	USU POSTAGE	POSTER SALES	POTASH BOAT RAMP	CENTENNIAL COMMITTEE	FOURTH OF JULY CELEBRATION	LOCAL COURT SURCHARGE	ATLAS TAILINGS FUND	DESIGNATED FUND	THOMPSON FIRE	LOGISTIC SOLUTIONS	COURT SERVICES MAGNETOMETER	TRAVEL COUNCIL
REVENUES:																
Taxes																
Intergovernmental revenues																
Charges for services																
Interest income																
Miscellaneous																
Total revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURES:																
General government																
Public safety																
Public health																
Parks, recreation and public property																
Conservation and economic development																
Capital outlay																
Debt Service:																
Principal																
Interest																
Total expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Excess of revenues over (under) expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other financing sources (uses):																
Transfers in																
Transfers out																
Total other financing sources (uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Excess of revenues and other sources over (under) expenditures and other uses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balances - Beginning of year	15,382	29,431	18,277	2,370	305	6,608	246	3,116	4,585	(2,573)	207,995	98,734	14,360	(9,109)	336	50,000
Fund Balances - End of year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

GRAND COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS											CAPITAL PROJECTS		DEBT SERVICE		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	ECONOMIC DEVELOP- MENT	STRIKE FUND	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE	EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	911 EMERGENCY FUND	DRUG COURT GRANT	GRANTS FUND	TRT CAPITAL PROJECT	AIRPORT CAPITAL PROJECT	LIBRARY DEBT SERVICE		COURTHOUSE DEBT SERVICE
REVENUES:																	
Taxes	\$ 20,000	\$ 2,421	\$ 270,019	\$ 23,562	\$ 234,772	\$ 8,354	\$ 44,804	\$ 375,162	\$ 65,439	\$ 7,673	\$ 11,231	\$ 555,796		\$ 588,123	\$ 162,852	\$ 211,573	\$ 2,009,050
Inter-governmental revenues								4,409									1,543,229
Charges for services					14,264	357,823		10,650	23	50,924							681,504
Interest income			2,865					4,448		690			\$ 2,173				24,440
Miscellaneous						4,747	2,046	2,148	19,600								157,766
Total revenues	\$ 20,000	\$ 2,421	\$ 272,884	\$ 23,562	\$ 249,036	\$ 370,924	\$ 46,850	\$ 396,817	\$ 85,142	\$ 92,287	\$ 11,231	\$ 555,796	\$ 2,173	\$ 588,123	\$ 162,852	\$ 211,573	\$ 4,445,989
EXPENDITURES:																	
General government																	
Public safety		\$ 2,000		\$ 41,208		\$ 327,233	\$ 60,107		\$ 69,180	\$ 33,619	\$ 11,956	\$ 117,710					\$ 1,492
Public health												4,021					817,499
Highways and public improvements												41,358					100,195
Parks, recreation and public property			\$ 27,494					\$ 336,037				177,688					71,305
Conservation and economic development												16,345					571,166
Capital outlay	\$ 68,758				\$ 107,964									\$ 627,796			916,270
Debt Service:																	627,796
Principal						22,742									\$ 119,000	\$ 141,742	141,742
Interest						1,396									83,850	\$ 85,246	85,246
Total expenditures	\$ 68,758	\$ 2,000	\$ 27,494	\$ 41,208	\$ 107,964	\$ 351,371	\$ 60,107	\$ 336,037	\$ 69,180	\$ 33,619	\$ 11,956	\$ 357,122		\$ 627,796	\$ 162,852	\$ 202,850	\$ 3,332,711
Excess of revenues over (under) expenditures	\$ (48,758)	\$ 421	\$ 245,390	\$ (17,646)	\$ 141,072	\$ 19,553	\$ (13,257)	\$ 60,780	\$ 15,962	\$ 25,668	\$ (725)	\$ 198,674	\$ 2,173	\$ (39,673)	\$ 162,852	\$ 8,723	\$ 1,113,278
Other financing sources (uses):																	
Transfers in	\$ 49,500		\$ (232,328)	\$ 23,000		(134,375)	\$ 15,000	\$ (140,600)				\$ 316,173	\$ 337,257	\$ 18,000			\$ 1,130,019
Transfers out												(10,063)	(309,498)				(1,280,287)
Total other financing sources (uses)	\$ 49,500	\$	\$ (232,328)	\$ 23,000	\$	\$ (134,375)	\$ 15,000	\$ (140,600)	\$	\$	\$	\$ 306,110	\$ 27,759	\$ 18,000	\$	\$	\$ (150,268)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 742	\$ 421	\$ 13,062	\$ 5,354	\$ 141,072	\$ (114,822)	\$ 1,743	\$ (79,820)	\$ 15,962	\$ 25,668	\$ (725)	\$ 504,784	\$ 29,932	\$ (21,673)	\$ 162,852	\$ 8,723	\$ 992,957
Fund Balances - Beginning of year	28,441	7,225	30,455	(641)	389,259	194,903	17,815	310,558	1,673	1,105			47,813	70,834		373,479	1,939,147
Fund Balances - End of year	\$ 29,183	\$ 7,646	\$ 43,517	\$ 4,993	\$ 530,331	\$ 80,081	\$ 19,558	\$ 230,738	\$ 17,635	\$ 26,773	\$ (725)	\$ 504,784	\$ 77,745	\$ 49,151	\$ 162,852	\$ 382,202	\$ 2,932,104

**GRAND COUNTY**  
**COMBINING STATEMENT OF NET ASSETS -**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

TOTAL  
NONMAJOR  
BTA'S  
SANDFLAT

ASSETS

## Current assets:

Cash and investments	\$ 84,032
Receivables - net	
Miscellaneous	522
Prepaid expense	<u>32</u>
Total current assets	<u>\$ 84,586</u>

## Noncurrent assets:

Improvements other than buildings	\$ 99,963
Furniture, fixtures and equipment	63,606
Less: Accumulated depreciation	<u>(87,407)</u>
Total noncurrent assets, net	<u>\$ 76,162</u>
Total assets	<u>\$ 160,748</u>

LIABILITIES

## Current liabilities:

Accounts payable	\$ 15,999
Accrued wages and benefits	9,343
Current portion - lease payable	<u>10,155</u>
Total current liabilities	<u>\$ 35,497</u>

## Noncurrent liabilities:

Capital lease	<u>\$ 1,746</u>
Total noncurrent liabilities	<u>\$ 1,746</u>
Total liabilities	<u>\$ 37,243</u>

## Net Assets:

Invested in capital assets, net of related debt	\$ 64,261
Unrestricted	<u>59,244</u>
Total net assets	<u>\$ 123,505</u>



**SCHEDULE 4**

**GRAND COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	TOTAL NON-MAJOR BTA'S SANDFLAT
Operating revenues:	
Charges for sales and services	\$ 237,613
Total operating revenues	\$ 237,613
Operating expenses:	
Employee salaries and benefits	\$ 121,789
Accounting services	5,000
Office supplies	16,158
Other supplies and services	4,560
Contractual services	19,423
Utilities	3,155
Repairs and maintenance	16,563
Depreciation	13,314
Trust land fees	28,733
Miscellaneous	115
Travel	63
Seminars	405
Dump fees	3,335
Total operating expenses	\$ 232,613
OPERATING INCOME (LOSS)	\$ 5,000
Nonoperating revenues (expenses):	
Interest revenue	\$ 1,681
Interest expense	(936)
Contributions from other governments	3,339
Total nonoperating revenues (expenses)	\$ 4,084
Income (loss) before transfers and capital contributions	\$ 9,084
Transfers in (out):	
Transfers out	\$ (25,000)
Total transfers in (out)	\$ (25,000)
Change in net assets	\$ (15,916)
Total net assets - beginning of year	139,421
Total net assets - end of year	\$ 123,505

**GRAND COUNTY**  
**SCHEDULE OF TAXES CHARGED, COLLECTED AND DISBURSED -**  
**CURRENT AND PRIOR YEAR**  
**FOR THE 2005 PROPERTY TAX YEAR**

TAX UNITS	TREASURER'S RELIEF				OTHER COLLECTIONS								
	TAXABLE VALUE	TAX RATE	TOTAL TAXES CHARGED	UNPAID TAXES	ABATEMENTS	OTHER	TOTAL RELIEF	TAXES COLLECTED	ANNUAL COLLECTION RATE	FEE IN LIEU	MISC. COLLECTED	DELINQUENCIES	
												TAX	PENALTY
COUNTY FUNDS:													
General	\$ 678,359,840	0.001520	\$ 1,031,050	\$ 68,093	\$ 5,456	\$ 3,500	\$ 77,049	\$ 954,001	0.9253	\$ 106,358	\$ 23,787	\$ 69,578	\$ 29,502
Debt service	678,359,840	0.000268	181,872	11,977	959	600	13,536	168,336	0.9256	20,120	3,253	13,659	569
State assessing and collecting	678,359,840	0.000173	117,531	7,760	621	380	8,761	108,770	0.9255	12,194	2,121	8,031	321
County assessing and collecting	678,359,840	0.000295	199,959	13,457	1,078	650	15,185	184,774	0.9241	10,704	1,979	7,083	280
Library	678,359,840	0.000492	333,500	22,025	1,765	1,057	24,847	308,653	0.9255	34,414	5,984	22,016	830
Library debt	678,359,841	0.000247	167,261	11,423	920	700	13,043	154,218	0.9220		222		
Total County Funds			\$ 2,031,173	\$ 134,735	\$ 10,799	\$ 6,887	\$ 152,421	\$ 1,878,752		\$ 183,790	\$ 37,346	\$ 120,367	\$ 31,502
SCHOOL DISTRICTS:													
Grand County School District	\$ 678,359,840	0.003883	\$ 2,634,197	\$ 173,864	\$ 13,931	\$ 9,800	\$ 197,595	\$ 2,436,602	0.9250	\$ 275,787	\$ 47,899	\$ 183,363	\$ 7,339
Grand County School Basic	678,359,840	0.001723	1,168,779	77,154	6,182	4,600	87,936	1,080,843	0.9248	121,939	21,188	79,841	3,116
Total School Districts			\$ 3,802,976	\$ 251,018	\$ 20,113	\$ 14,400	\$ 285,531	\$ 3,517,445		\$ 397,726	\$ 69,087	\$ 263,204	\$ 10,455
CITIES AND TOWNS:													
Cascade Valley Town	\$ 34,130,551	0.001896	\$ 64,713	\$ 4,971	\$ 622	\$ 180	\$ 5,773	\$ 58,940	0.9108	\$ 3,270	\$ 1,101	\$ 3,843	\$ 94
Total Cities and Towns			\$ 64,713	\$ 4,971	\$ 622	\$ 180	\$ 5,773	\$ 58,940		\$ 3,270	\$ 1,101	\$ 3,843	\$ 94
OTHER DISTRICTS:													
Grand County Cemetery	\$ 678,359,840	0.000210	\$ 142,631	\$ 9,420	\$ 755	\$ 450	\$ 10,625	\$ 132,006	0.9255	\$ 14,700	\$ 2,555	\$ 9,716	\$ 384
Grand County Water Conservancy	678,359,840	0.000109	74,191	4,890	392	250	5,532	68,659	0.9254	8,062	1,353	5,486	229
Grand County Special Service Water	678,193,224	0.000201	136,160	8,941	717	470	10,128	126,032	0.9256	14,890	2,428	10,382	435
Moab Mosquito Abatement	463,882,055	0.000257	118,988	9,027	814	502	10,343	108,645	0.9131	16,825	2,247	7,809	442
Moab Valley Fire	463,882,055	0.000542	251,451	19,076	1,720	1,154	21,950	229,501	0.9127	35,541	4,742	16,502	934
Spanish Valley Water & Sewer	200,897,012	0.000186	37,300	3,610	386	125	4,121	33,179	0.8895	6,120	692	3,452	219
Elgin Mosquito	1,872,589	0.000000										6	1
Cascade Valley Fire	50,334,175	0.000693	34,905	1,987	232	75	2,294	32,611	0.9343	1,301	(49)	908	21
Moab Valley Fire - debt service												228	50
Total Other Districts			\$ 795,626	\$ 56,951	\$ 5,016	\$ 3,026	\$ 64,993	\$ 730,633		\$ 97,439	\$ 13,968	\$ 54,489	\$ 2,715
GRAND TOTAL			\$ 6,694,488	\$ 447,675	\$ 36,550	\$ 24,493	\$ 508,718	\$ 6,185,770		\$ 682,225	\$ 121,502	\$ 441,903	\$ 44,766

**SMUIN, RICH & MARSING**

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**MEMBERS**

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Legal Compliance with Applicable  
Utah State Laws and Regulations

Ladies/Gentlemen:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County for the year ended December 31, 2005, and have issued our report thereon dated May 30, 2006. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Community Impact Grants (Dept. of Community and Economic Development)
- Community Impact Loans (Dept. of Community and Economic Development)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements, (However, these programs were subject to testwork as part of the audit of Grand County's financial statements).

- Public Library Development Grants (Department of Community and Economic Development)
- EMS – BEMS Grants (Department of Human Services)
- PILT Grant (State Tax Commission)
- Thompson Fire Department Assistance Grant (Department of Natural Resources)
- RSVP – Transportation Grant (Department of Human Services)
- GIS Mapping Grant (Department of Administrative Services)
- Colorado River Bike Trail (Department of Transportation)
- West Nile Virus Grant (Department of Agriculture and Food)
- Utah Division of Forestry, Fire & State Lands (Department of Agriculture and Food)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Statement of Taxes Charged,
Cash Management	Collected and Disbursed,
Purchasing Requirements	Justice Courts
Budgetary Compliance	B & C Road Funds
Truth in Taxation	Uniform Building Code
Property Tax Limitations	Assessing and Collecting of
Other Compliance Requirements	Property Taxes

The management of Grand County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Grand County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

SMUIN, RICH & MARSING



Price, Utah

May 30, 2006

# SMUIN, RICH & MARSING

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## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County as of and for the year ended December 31, 2005, which collectively comprise Grand County's basic financial statements and have issued our report thereon dated May 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance and Other Matters

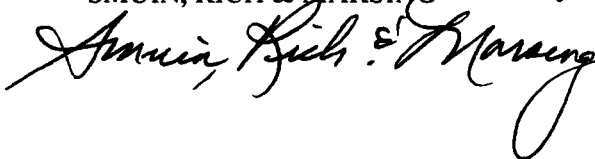
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUTN, RICH & MARSING

A handwritten signature in cursive script that reads "Smutin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name.

Price, Utah

May 30, 2006

# SMUIN, RICH & MARSING

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MEMBERS  
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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Compliance With Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133

## Compliance

We have audited the compliance of Grand County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

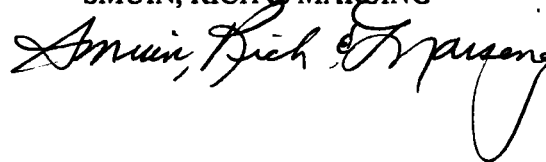
### Internal Control Over Compliance

The management of Grand County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 30, 2006



**GRAND COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Grand County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Grand County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Grand County expresses an unqualified opinion.
6. The audit of Grand County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Airport Grant	20.106

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Grand County was determined to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**GRAND COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2005
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Direct Program:						
	10.666	\$ 3,641	\$	\$ 3,641	\$ 3,641	\$
Forest Reserve Grant to Counties						
<b>U.S. DEPARTMENT OF INTERIOR</b>						
Pass Through Utah Supervisors Association						
15.224	2004-0003-041	\$ 10,000		\$ 10,000	\$ 10,000	
15.224	050015	3,500		1,085	1,085	
National Fish and Wildlife Foundation - Weed Control - Purple Loosestrife Control						
Notorious Weed Act - Aphis Grant						
Pass Through Montana State University						
15.224	GC242-04-Z1138	5,000		1,000	1,000	
U.S. Forest Service - Weed Control						
		\$ 18,500	\$	\$ 12,085	\$ 12,085	\$
Total U.S. Department of Interior						
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Program:						
Adult Felony Drug Court						
16.585	2005-DC-BX-0042	\$ 448,320		\$ 11,231	\$ 11,231	
Pass Through State Department:						
16.588	04-VAWA-09	23,562		23,562	23,562	
16.543		10,000		4,784	4,784	
16.540		54,084		22,729	22,729	
16.540		67,795		37,926	37,926	
Violence Against Women						
Childrens Justice Center						
Childrens Justice Center						
		\$ 603,761	\$	\$ 100,232	\$ 100,232	\$
Total U.S. Department of Justice						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Pass Through Southeastern Utah Association of Governments						
Council on Aging						
93.044	N/A	\$ 24,547		\$ 24,547	\$ 24,547	
93.778	N/A	3,000		3,000	3,000	
Total U.S. Department of Health and Human Services						
		\$ 27,547	\$	\$ 27,547	\$ 27,547	\$
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Direct Program:						
Small Community Air Service Development						
20.108	25-3639	\$ 250,000		\$ 152,019	\$ 152,019	
20.106		12,398		12,398	12,398 *	
20.106	3-49-0020-15	460,750		415,936	415,936 *	
20.106	3-49-0020-16	344,375		172,187	172,187 *	
Airport Project - Security Gates Grant						
Airport Grant						
Airport Grant						
		\$ 1,067,523	\$	\$ 752,540	\$ 752,540	\$
Total U.S. Department of Transportation						

GRAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2005
U.S. DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT						
Pass through State Department:						
Library Services and Technology						
45.310	N/A	\$ 1,911	\$	\$ 1,911	\$ 1,911	\$
CORPORATION FOR NATIONAL SERVICE						
Direct Program:						
94.002	03SRPUT003	\$ 73,785	\$	\$ 36,374	\$ 36,374	\$
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pass through State Department:						
Security Gate - Airport Grant						
97.004		\$ 2,000		\$ 1,338	\$ 1,338	
97.004		480,328		94,564	94,564	
97.067	N/A	7,000		5,600	5,600	
97.067	N/A	2,500		2,500	2,500	
97.067	N/A	5,000		4,000	4,000	
Total U.S. Department of Homeland Security						
		\$ 496,828	\$	\$ 108,002	\$ 108,002	\$
TOTAL FEDERAL ASSISTANCE						
		\$ 2,293,496	\$	\$ 1,042,332	\$ 1,042,332	\$

\* MAJOR PROGRAMS

**GRAND COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2005**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

**GRAND COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Grand County has had no Prior Audit Findings that are required to be reported for previous audited financial statements or previously audited Federal Awards.

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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Price, Utah 84501

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Grand County for the year ended December 31, 2005.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

## STATE OF UTAH LEGAL COMPLIANCE

### **BUDGETARY COMPLIANCE**

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for budgets of the County. The County has overspent the following departments in the General Fund in the current year:

#### General Fund –

Jail	\$ 5,816
Building Inspector	168
Spanish Trail Arena	121

We recommend the County review the expenditures and encumbrances made, and compare against the adopted budget, to determine if the budgets of the County are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being overspent.

### County's Response

*The County had adopted a budget for the General Fund, which covered all expenditures until the outside auditors made some accruals at the end of the year. The accruals were not material but it was felt that it was appropriated to make the adjusting journal entries. We take very seriously the responsibility of properly approving all appropriation of the County. The County always has and will continue to monitor expenditures in relationship to its approved budget.*

## **NOTICE OF BUDGET HEARING**

According to Utah Code section 10-6, the governing body of the County shall determine the place and time for a public hearing on adopting or changing a budget. A notice of this hearing is required to be published at least seven days before the hearing in at least one newspaper of general circulation within the County. Grand County published the required Notice of Public Hearing, but not within the seven days required by Utah State Code. The County held a hearing to reopen their 2005 budget on December 20, 2005 but the advertisement of the hearing was published on December 15, 2005, which was only five days prior to the hearing.

We recommend the County review the requirements for advertising the Notice of Public Hearing, as it pertains to their budget, and that the County implement procedures that would insure compliance.

### County's Response

*The County realizes the importance of complying with the state law on publishing notification of the budget hearings. The County will implement procedures to ensure that they will publish the required Notice of Public Hearing within the required time period prescribed by Utah State Law.*

## **DEFICIT FUND BALANCES**

Utah law prohibits appropriations in excess of the estimated expendable revenues for the budget year. This means that the entity should not have deficit balances in any fund. The County has deficit fund balances in the following funds in the current year:

Drug Court Grant Fund

\$ 725

We recommend the County take the necessary action to allocate sufficient revenue to the funds to eliminate the deficit. We further recommend the County monitor more closely the expenditures in the Drug Court Grant Fund to ensure that a deficit does not occur in the future.

### County's Response

*The County realizes the importance of maintaining fund balances that are appropriate. They thought that they had made the necessary changes in the prior fiscal year to correct the problem. They anticipate that sufficient funds will be recorded to correct the prior year deficit and handle the current year activity. They will also monitor the expenditures and corresponding revenue more closely, so the fund balances comply with State Code.*

## **BUILDING PERMIT REPORTS**

The County is required to file quarterly reports with the Division of Occupational and Professional Licensing for building permit fees collected. This quarterly report along with a check should be submitted no later than 30 days following the end of each quarter. During the audit, we found that all the quarterly reports were filed any where from 3 to 30 days late.

We recommend the County take the necessary time to file the quarterly reports timely.

## **BUILDING PERMIT REPORTS (Continued)**

### County's Response

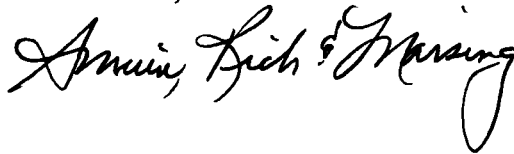
*The County realizes the importance of complying with the state law on filing building fee quarterly reports with the Division of Occupational and Professional Licensing within 30 days following the end of each quarter. The County will implement procedures to ensure that they will comply with the required time period prescribed by Utah State Law.*

### **SUMMARY**

We feel the accounting procedures and State Compliance issues mentioned above are some areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Armin Rich & Marsing", written in black ink.

Price, Utah

May 30, 2006